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HOUSING ELEMENT

NEWPORT BEACH GENERAL PLAN

HOUSING ELEMENT
OF THE
NEWPORT BEACH GENERAL PLAN

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INTRODUCTION

The Housing Element of the Newport Beach General Plan examines residential development within the city and sets forth local policies and programs to facilitate the conservation, improvement, and development of housing for all economic segments of the community.

This element presents policies and programs which are intended to guide the city in daily decision-making regarding the provision of residential services. These policies have been developed to reflect local economic and social attitudes in the community, and also to coincide with the attainment of state housing goals. These goals have been declared as follows:

- a) The availability of housing is of vital statewide importance, and the early attainment of decent housing and a suitable living environment for every California family is a priority of the highest order.
- b) The early attainment of this goal requires the cooperative participation of government and the private sector in an effort to expand housing opportunities and accommodate the housing needs of Californians of all economic levels.
- c) The provision of housing affordable to low- and moderate-income households requires the cooperation of all levels of government.
- d) Local and state governments have a responsibility to use the powers vested in them to facilitate the improvement and development of housing to make adequate provision for the housing needs of all economic segments of the community.
- e) The Legislature recognizes that in carrying out this responsibility, each local government also has the responsibility to consider economic, environmental, and fiscal factors and community goals set forth in the general plan and to cooperate with other local governments and the state in addressing regional housing needs.

This Housing Element has been prepared in accordance with Sections 65580-65589 of the Government Code, which was adopted by the State Legislature in September 1980.*

* A compliance checklist, attached as an appendix to this Element, references the reader to portions of the Element which comply with provisions of state law.

Organization of the Element

The Housing Element has been prepared in five parts, as follows:

I. Community Housing Market Analysis

This section presents the most current information on population growth, employment growth, household characteristics, and the housing stock in Newport Beach. Data presented in this part of the Housing Element form the basis for analysis and discussion in the following three sections of the Element.

II. Housing Needs Assessment

The "match" between the supply of housing in the city and city household preferences and ability to afford housing is examined. The city's share of the regional housing need is also included. This assessment concludes with a quantification of community housing needs over a five-year period.

III. Constraints to Housing Delivery

This section provides a general discussion of governmental, market, and financial factors which influence housing delivery in the city. The purpose of this discussion is to identify problems which can be addressed through local actions, as well as constraints which are outside the sphere of local influence.

IV. The Housing Program/Strategy

This portion of the Element summarizes major findings of the earlier housing assessment, sets forth city goals and policies, and outlines city objectives in addressing problems and issues identified. Each objective is followed by a programmatic response, or "implementation plan" and target dates for activities. The housing program presents a five year plan of action. Quantified goals for the next five-year period are also established for the maintenance, improvement, and production of housing in the city.

V. Evaluation of Past Housing Element Implementation

Government Code Section 65588 requires the city to review the housing element as frequently as is appropriate to evaluate the appropriateness of the housing goals, objectives, and policies in contributing to the attainment of the state housing goal; the effectiveness of the housing element in attainment of the community's goals and objectives; and the city's progress in implementation of the housing element. Section V of the Housing Element provides this evaluation.

Citizen Participation

The views and proposals of the citizens in the community have been actively solicited in the preparation of this Housing Element. Two citizen forums have been sponsored to obtain public review and comment on each portion of the Housing Element as it was prepared in draft form. The city provided notice of these meetings as well as all public hearings to a mailing list of all interested parties, including groups representing the interests of all economic segments of the community. In addition, all meetings and public hearings were advertised in the legal section a local newspaper and by means of a 3 inch by 5 inch display advertisement in a prominent location of the same local newspaper.

One study session and six public hearings before the Planning Commission, and one study session and two public hearings before the City Council, were also held in the process of Housing Element preparation.

During the 1983 Amendment two public hearings were held on the draft Element, one before the City Planning Commission and one before the City Council.

During the 1984 review and amendment process, five public hearings were held on the Draft Element; two before the City Planning Commission and three before the City Council.

Time Period Covered by the Element

This revised Housing Element covers the five-year period 1984-1989.

Review and Update of the Housing Element

The city will review this Housing Element on an annual basis to evaluate the appropriateness of objectives, the effectiveness of programs, and progress in implementation. The Housing Element will be revised again in five years (1989) in accordance with state law.

I. COMMUNITY HOUSING MARKET ANALYSIS

STATISTICAL SUMMARY

Population: The Newport Beach population reported by the 1980 Census was 62,556 persons. Including the West Newport Triangle, annexed in December of 1980, the City's total population was 63,503. This compares to 63,101 persons in 1976 and 49,442 persons in 1970. The California Department of Finance estimates the city's 1983 population to be 65,700.

Employment: In 1983, Newport Beach was the location of 47,715 jobs. Finance, insurance, and real estate are major industries.

Household Characteristics: The average household size in Newport Beach as of 1980 was 2.23 persons per household. This compares to the Orange County 1980 average of 2.78 persons per household.

The median household income for Newport Beach was 20.7% higher than the Orange County median income in 1979. The median household income for the city in 1979 was approximately \$27,516, compared to \$22,806 for Orange County.

Assuming the same relationship between city and county income in 1983, the city's median income would be about \$35,000, based on the federal government's calculation of county median income.

The 1980 Census reported that 8,980 households, over 32% of all city households, were living on incomes below 80% of the regional median income and are therefore lower-income households.

The city has a high percentage of elderly residents. In 1980, 9,196 residents, 14% of the population, were 62 years of age or older. The comparable 1980 figure for Orange County is 10.3%.

Several neighborhoods in the city provide housing for college students in the region. Approximately 7,850 residents were enrolled in college in 1980; about 2,500 students were enrolled full-time at the University of California, Irvine, and Orange Coast College in 1983.

Housing Stock Characteristics: An average of 892 new housing units have been added annually to the city housing stock between 1970 and 1980.

Table 1

HOUSING UNIT MIX - 1980

<u>Housing Type</u>	<u>Total</u>	<u>Year Round</u>	<u>Total Occupied</u>	<u>Renter Occupied</u>
Single-Family Detached	14,581	14,368	13,252	2,638
Single-Family Attached	4,277	4,255	3,806	1,478
Duplex	3,942	3,828	3,464	2,766
Triplex/ Fourplex	1,638	1,634	1,525	1,239
Multi-Family	6,280	6,189	5,252	4,686
Mobile Home	679	669	521	175
TOTAL	31,397	30,943	27,820	12,932

Source: U.S. Census Bureau.

Table 2

ESTIMATED HOUSING UNIT MIX - JANUARY 1, 1981¹

	<u>Number</u>	<u>Percent</u>
Single-Family	17,799	54.8%
Duplex	5,560	17.1%
3-4 Units	1,831	5.6%
5 or More Units	6,254	19.2%
Mobile Homes	984	3.0%
Other	61	0.2%
TOTAL	32,489	

1. Based upon City Permit Data yearly update.

Source: City of Newport Beach Planning Department.

Table 3

VACANCY STATUS (YEAR-ROUND UNITS) IN 1980

For Sale	649
For Rent	<u>945</u>
Total Available Units	1,594 (5.2%)
+ Occasional Use	1,031
+ Vacant Seasonal	457
+ Other Vacant	<u>495</u>
TOTAL	3,577

Source: U.S. Census Bureau.

NEWPORT BEACH WITHIN THE REGION

The City of Newport Beach is situated within one of the fastest growing regions in California, in terms of population and employment growth. Development was at first gradual in Orange County and the result of urbanization of areas surrounding Los Angeles. In the 1970's, the growth of Orange County as an employment center accelerated: between 1970 and 1980, an annual county average of 60,000 jobs were added.

Since 1975, housing starts and population growth have not kept pace with employment growth in the county. This has resulted in a pent-up demand for housing throughout the region. This demand is indicated by decreasing vacancy rates and increasing housing prices. Since 1978, vacancy rates in Orange County among single-family homes have been below 2%. Between 1979 and 1983, the median price of housing in Orange County increased by 27%. Since 1970, the median asking price has increased from \$32,100 to \$134,800 or 320% in 13 years. (Source: California Association of Realtors, California Real Estate Trends, January-December 1983. Based on sample of 5,595 homes sold.)

The intense demand for housing and the dramatic increase in residential prices that are a characteristic of Orange County are at their height in the City of Newport Beach. The city is rich with amenities which have been enhanced through the development of well-planned residential neighborhoods. Much of Newport Beach is now the most favored residential site for aspiring upper-income families from the entire Orange County area.

Many of the older neighborhoods in the city retain the character of Newport Beach before the onset of the 1970's housing demand. These areas are developed in higher density, older housing which was originally constructed to accommodate moderate-income households. In addition, a large percentage of the housing stock in Newport Beach is rental housing. This housing

accommodates seasonal visitors as well as moderate- and lower-income working adults and students. The percentage of rental housing in Newport Beach is generally higher than other cities in the area, and is an important supply of student housing for both U.C. Irvine and Orange Coast College.

Much of the populous of Newport Beach is therefore composed of renting households, as well as residents who bought housing in the city before housing prices escalated. The city contains many older residents within the latter category. The number of people who live in Newport Beach who could not afford their home if they were buying it today is sizeable. Nearly 20% of the City's residents in 1980 had moved into their homes prior to 1970, before the rapid escalation of housing costs began. Therefore, at the same time that the city's housing attracts upper-income households, it also houses many persons and families with incomes well below the median income of the area.

The intense demand for housing in the city is complicated by the fact that employment growth has also been strong in the area. The city has become one of the most desirable office locations, not only within the region, but on an international basis. It is for this reason that demand for office, commercial, and industrial expansion competes with housing demand in the city.

The functional significance of Newport Beach within the region, as a business center, a recreational center, and an attractive residential area brings to the city many undesirable effects. These include acute traffic congestion, extremely crowded conditions in summer months and tourist seasons, and pressures for development of the city with more intense urban uses.

Over 46% of all occupied units in the city are rental units. The City represents one of the highest proportions of rental housing in Orange County. County-wide, about 40% of the year-round housing units are rentals.

Vacancy rates for units available for occupancy in the city in July 1980 were: 2.2% for single-family homes; 2.9% for multi-family; and 0.4% for mobile homes. It should be noted that vacancies vary throughout the year, and the actual number of units available for sale or rent at any one time will always be substantially lower than the total number of unoccupied units.

In 1976, 1.3% of the city's housing stock was in substandard condition. Most substandard units are concentrated in the following areas: Balboa Peninsula, Balboa Island, and Newport Heights. A 1984 visual survey of exterior housing conditions in these three areas conducted by the City found 20 units in need of major rehabilitation or replacement. In addition, based on 1980 Census data, it appears that less than 1% of the City's housing is internally deficient.

The average value ratios of homes constructed in Newport Beach increased from between \$50.00 to \$63.00 per square foot in 1975 to between \$135.00 to \$181.00 in 1980. A 1984 market survey of homes on the Balboa Peninsula and an area south of Pacific Coast Highway revealed prices per square foot of \$174 and \$360. For homes constructed in 1983, the average price per square foot was about \$180.

In 1983, the average price of homes sold in Newport Beach was \$330,100. This compares to an average price of \$177,900 in Irvine and \$133,223 in Costa Mesa. (Source: Newport Harbor Costa Mesa Board of Realtors.) For newly constructed homes sold in 1983, the average price was \$522,800, with a range in prices of \$129,900 to \$1.7 million. (Source: Project developer sales information - excludes Seashore townhouses for which information was not available.) In 1983, the median selling price of existing homes was nearly \$135,000 in Orange County. The average rent of apartment units vacant and available for rent in the city in February 1984 was \$615. For vacant, single-family homes, average rent was \$1,390, and for home sharing arrangements, the average rent was \$315. (Source: Consultant survey of advertised rental units.)

Land Availability: A total of 245 gross acres in the city are designated for residential development and are vacant and uncommitted to any specific project. Of these 245 acres, 152.48 are estimated to be buildable and can accommodate 724 dwelling units.

Within this context, the housing market of Newport Beach is examined. The present and projected population of the city, as well as the housing stock is examined to determine where housing needs exist and to identify public actions which are appropriate and meaningful to maximize housing services within the city.

POPULATION TRENDS

The City of Newport Beach was one of the first cities to develop within Orange County. The city's rate of population growth therefore exceeded the county's through 1950. Since 1950, however, the city's proportionate gain in population has been substantially less than the county's.

Table 4

POPULATION GROWTH ORANGE COUNTY AND NEWPORT BEACH: 1910-1980

	<u>Orange County</u>		<u>Newport Beach</u>	
	<u>Population</u>	<u>Growth Rate</u>	<u>Population</u>	<u>Growth Rate</u>
1910	34,436		445	
1920	61,375	78.2%	894	100.9%
1930	118,674	93.4%	2,203	146.4%
1940	130,760	10.2%	4,438	101.4%
1950	216,224	65.4%	12,120	173.1%
1960	703,925	225.6%	26,565	119.2%
1970	1,420,386	101.8%	49,442	86.1%
1980	1,932,709	36.1%	62,556	26.5%
1983	2,036,400	5.4%	65,700	5.0%

Sources: U.S. Census of Population and Housing and California Department of Finance.

This latter trend is due to the fact that the supply of vacant land to support new residential development in the City of Newport Beach is rapidly being diminished. Therefore, immigration, which is still a strong factor in population growth in Orange County, is a much lesser factor in Newport Beach.

Between 1976 and 1980, Newport Beach actually lost population, despite the fact that approximately 1500 housing units were added in the city. However, the State Department of Finance estimates that the city has increased in population to 65,700 in 1983, largely due to the annexation of the West Newport Triangle in 1980. The vacancy rate for all year-round housing units reported by the 1980 Census was 10.1%. The vacancy rate for year-round housing units in the city in 1976 was 10.9%. This relatively high rate of vacant units is attributed to the use of many housing units as second homes for persons who have seasonal business or recreational ties to the area. The overall vacancy of year-round units actually available for occupancy at the time of the federal census was 5.2%.

The use of units as second homes actually decreased between 1970 and 1980, and does not explain the reduction in population growth relative to the increase in the number of households. This trend is attributed instead to a sizeable reduction in the average size of city households. While the average household size in 1976 was 2.36, the 1980 Census reported an average household size of 2.23. Decreases in household sizes are occurring in most communities in California; however, Newport Beach has traditionally had a household size that is smaller than the regional or state average. The continuing decrease in average persons per household is shown below:

Table 5

PERSONS PER OCCUPIED HOUSING UNIT

	<u>1960</u>	<u>1970</u>	<u>1976</u>	<u>1977</u>	<u>1978</u>	<u>1979</u>	<u>1980</u>	<u>1983 est.</u>
Newport Beach	2.7	2.6	2.4	2.4	2.3	2.3	2.2	2.2
Orange County	3.4	3.2	2.9	2.9	2.8	2.8	2.7	

Source: U.S. Census of Population and Housing.

Various factors that contribute to this phenomenon are explored below:

- Rental housing in most urban areas is occupied by households for which the average size is smaller than owner-occupied housing. Thus, the supply of rental housing in Newport Beach, which is proportionately higher than the region as a whole, contributes to a household size that is smaller than the region as a whole.
- Many predominantly owner-occupied neighborhoods in the city were originally populated by child-rearing families. These families have matured and children have passed through high school and left home in the same general time period. Thus, certain neighborhoods now have sizeable numbers of childless couples in the "empty nest" stage of life, causing a general reduction in neighborhood population.

- Limited opportunities exist for children who have been raised in Newport Beach to establish an independent residence in the city and to raise a new generation of children. Many young adults live in the city as renters; however, opportunities to purchase housing as a first-time homebuyer are rare. Young adults who are renting are generally not pursuing a child-rearing lifestyle. Generally, this stage of life coincides with the first purchase of housing. Thus, the city does not offer numerous housing opportunities for households that are producing young children.
- Following the national trend, many young couples are postponing child-rearing or electing not to have children at all for a variety of reasons. Such childless couples, supported by two professional salaries, are often able to afford housing in Newport Beach. In many neighborhoods or larger, single-family homes where child-rearing families have been predominant, young childless households are now very common. Much of the reduction in neighborhood population can be attributed to this phenomenon.
- Many retired persons have moved to Newport Beach in the last ten years.

In summary, the reduction in household size in Newport Beach is the result of a reduction of child-rearing households in the city, and a reduction in the child population in the city as well. This trend is further documented on Tables 6 and 7: Population By Age, City of Newport Beach 1960-1976, and Changes in School Enrollment By Grades, January 1976-January 1982.

Table 6

POPULATION BY AGE

CITY OF NEWPORT BEACH 1960 - 1976

Age	<u>1960</u>	<u>(% of Total)¹</u>	<u>1970</u>	<u>(% of Total)¹</u>	<u>1976</u>	<u>(% of Total)¹</u>	<u>1980</u>	<u>% of Total¹</u>
Under 5	1,823	(6.9%)	2,343	(4.7%)	1,835	(2.9%)	1,663	(2.7%)
5-13	4,102	(15.4%)	6,434	(13.0%)	6,460	(10.3%)	5,135	(8.2%)
14-17	1,63	(6.2%)	3,799	(7.7%)	4,270	(6.8%)	3,843	(6.1%)
18-34	4,715	(17.7%)	13,389	(27.1%)	19,169	(30.5%)	19,342	(30.9%)
35-64	11,169	(42.0%)	18,602	(37.6%)	24,934	(39.6%)	25,285	(40.4%)
65+	<u>3,117</u>	(11.7%)	<u>4,859</u>	(9.8%)	<u>6,240</u>	(9.9%)	<u>7,288</u>	(11.7%)
TOTAL:	26,556		49,426		62,908		62,556	

1. Percentages do not add to 100% due to independent rounding.

Source: 1960, 1970, and 1980 U.S. Census and 1976 Special Census for Newport Beach.

Table 7

CHANGES IN ELEMENTARY SCHOOL ENROLLMENT BY GRADES
JANUARY 1976 - JANUARY 1982
CITY OF NEWPORT BEACH

<u>Area</u>	<u>Schools</u>	<u>1976</u>	<u>1982</u>	<u>Percent Change</u>
West of Bay	Mariners Elementary ¹	516	558	+ 8.1%
	Newport Elementary	642	364	-43.3%
	Newport Heights Elementary	575	417	-25.5%
	Ensign Intermediate School	763	828	+ 8.5%
East of Bay	Anderson Elementary	673	498	-26.0%
	Corona del Mar Elementary	480	(Closed in 1982)	
	East Bluff Elementary	467	171	-63.4%
	Harbor View Elementary	662	516	-22.1%
	Lincoln Intermediate School	<u>1,325</u>	<u>634</u>	-52.2%
TOTAL		4,778	3,986	-16.6%

1. A school closure in an adjacent area within the school district accounts for this enrollment increase.

Source: Newport-Mesa Unified School District.

Table 8

SCHOOL ENROLLMENT 1970 - 1980

	<u>1970</u>	<u>1980 (%)</u>	<u>1/84 (%)</u>
<u>Public</u> ¹			
K-8	5,681	4,495 (-20.9%)	3,594 (-12.0%)
9-12	<u>3,299</u>	<u>3,669 (+ 5.4%)</u>	<u>3,251 (-11.4%)</u>
Subtotal	9,180	8,164 (-11.7%)	6,845 (-16.2%)
<u>Private</u> ²			
K-8	882	902 (+ 2.3%)	912 (+ 1.1%)
9-12	<u>157</u>	<u>200 (+27.4%)</u>	<u>unavailable</u>
Subtotal	<u>1,039</u>	<u>1,102 (+ 6.1%)</u>	
TOTAL	10,219	9,266	

Source: 1. Newport-Mesa Unified School District; 2. City of Newport Beach Planning Department.

HOUSING UNIT AND POPULATION PROJECTIONS

The ultimate residential capacity within the City of Newport Beach has been projected at 38,700 dwelling units. This projection is based on the General Plan and the city's traffic model. This dwelling unit total includes the West Newport Triangle (A3), but does not include the Banning Property, Santa Ana Heights, or the Irvine Downcoast southeast of the city, which are currently unincorporated areas. The housing unit projection is based on estimated vacant land inventory of 245 gross acres in 1984.

This ultimate residential capacity provides the most accurate means by which to project population within the city. To project population, the following assumptions have been made:

1. Household size will stabilize and perhaps increase to 2.3 or 2.4 persons per household by 2000. As housing costs continue to rise, more units will be occupied by unrelated persons sharing housing expenses. Additionally, a portion of the younger childless couples within the city will eventually have children, thus providing some natural population increase and offsetting the historical decline in household size.
2. Vacancy rates will decline somewhat as a result of the demand for housing and increased price of housing in Orange County. An overall vacancy rate of 10% through the year 2000 has been projected. (This 10% vacancy rate includes seasonal and migratory units not available for occupancy. The comparable overall vacancy rate in 1980 was 12.9%.)
3. Ultimate residential buildout in the city will occur by the year 2000.

Table 9

POPULATION - CITY OF NEWPORT BEACH

	<u>Housing Units</u>	<u>Popula- tion</u>	<u>Average Household Size</u>	<u>Assumed Vacancy Rate</u>
1980 ₁	31,397	62,556		12.9%
1983 ¹ (Estimated)	32,266	65,700	2.23	11.7%
1990 (Projected)	35,000	71,400	2.25	10.0%
1995 (Projected)	36,850	76,500	2.3	10.0%
2000 (Projected)	38,700	82,500	2.35	10.0%

1. Estimated as of January 1, 1983.

Source: 1980 U.S. Census and the City of Newport Beach Planning Dept.

These projections indicate that the City of Newport Beach will grow at an average rate of 1.5% per year as compared to a 2.2% annual growth rate which has been projected by the Southern California Association of Governments (SCAG) (Growth Forecast Policy January 1982) for Orange County. This variance

in growth rates is related to the smaller portion of undeveloped residential acreage remaining in Newport Beach. It should also be noted that population growth will be significantly affected by the assumption regarding average household size. If household size were to remain constant, the population in the year 2000 would be 78,200.

The past and future populations of both Orange County and Newport Beach are shown below. Newport Beach population will continue to constitute a lesser percentage of the county population.

Table 10

NEWPORT BEACH POPULATION AS A PROPORTION
OF ORANGE COUNTY POPULATION

	<u>Orange County</u>	<u>Newport Beach</u>	<u>% of County</u>
1940	130,760	4,438	3.4%
1950	216,224	12,120	5.6%
1960	703,925	26,565	3.8%
1970	1,420,386	49,442	3.5%
1980	1,932,709	62,556	3.2%
1983 (Est.)	2,036,400	65,700	3.2%
Projections:			
1990	2,399,700	71,400	3.0%
1995	2,596,800	76,500	3.0%
2000	2,769,200-A ¹	82,500	3.0%
	2,758,800-B ¹		

1. SCAG has prepared two alternative forecasts for the year 2000.

Sources: U.S. Census, 1980; State Department of Finance, 1983; SCAG Growth Forecast Policy, January 1982.

EMPLOYMENT TRENDS

The Newport Beach Planning Department estimated total non-construction employment to be 42,000 in 1980. In March 1984, employment was estimated to be 47,715, a 13.7% increase. City estimates are based on the city's computer traffic model which applies employment generation ratios to non-residential land uses. This model accounts for employment that can be attributed to permanent land uses and therefore excludes miscellaneous seasonal and non-facility based employment (such as certain construction jobs, fishing, lifeguards, and certain transportation employment). The excluded employment accounts for between one and three percent of the total employment in Newport Beach.

The city employment estimates are much lower than historical estimates for Newport Beach prepared by the State Employment Development Department (EDD). The EDD estimates show much greater employment increases in commercial offices and service industries than the city believes are supportable by new commercial construction which has occurred since 1977.

The employment generation ratios used by the Planning Department in its traffic model appear in Table 11.

Table 11

EMPLOYEE GENERATION RATIOS

<u>Land Use</u>	<u>Factor</u>
Business Office	3.9 employees per 1,000 sq.ft.
Medical Office	3.2 employees per 1,000 sq.ft.
General Commercial	1.0 employees per 1,000 sq.ft.
Restaurant	3.2 employees per 1,000 sq.ft.
Industrial	44 employees per acre
Hotel/Motel	.39 employees per guest room

Source: City of Newport Beach Planning Department.

Table 12 compares employment categories estimated for 1984 and projected for the year 2000.

Table 12

EMPLOYMENT BY CATEGORY

	<u>March 1984</u>	<u>2000</u>	<u>% Change</u>
Manufacturing/ ₁ Industry	9,561	8,739	-8.6%
Wholesale/Retail ₂	6,894	9,515	+38.0%
Business ₃ Offices	25,425	46,834	+84.2%
Services ₄	4,050	6,884	+69.5%
Government ₅	<u>1,785</u>	<u>1,608</u>	-9.9%
TOTAL	47,715	73,580	+54.2%

1. Includes mixed office-industrial uses and research and development.
2. Includes restaurants.
3. Includes financial, insurance, and real estate institutions offering services.
4. Includes hotels and motels, medical services, cultural services, and other non-governmental services.
5. Includes private school employment and emergency government services.

Source: City of Newport Beach Planning Department, Land Use Survey (April-May 1983).

Table 13 compares the City's projected employment growth with the SCAG projected employment growth for Orange County.

Table 13

PROJECTED EMPLOYMENT - NEWPORT BEACH AND ORANGE COUNTY

	<u>Newport Beach</u>	<u>Orange County</u>	<u>City Employment/ County Employment</u>
1980	42,000	881,700	4.8%
1985 ¹	47,715	1,036,700	4.6%
1990	57,415	1,162,000	4.9%
1995	65,500	1,259,300	5.2%
2000	73,580	1,504,900-A	4.9%
		1,482,900-B	5.0%

1. City estimate is for 1984.

Sources: SCAG Growth Forecast Policy 1978 and January 1982.

Employment growth in the city, like housing and population growth, will be limited at some point in the future by the finite amount of land and building space available within the city for expansion. The ultimate employment capacity of the city has been estimated at 73,580 employees, through the following methodology:

- * Ratios of employees per square foot of employment generating land uses were developed by using the city's computer traffic model to compare 1980 employment with 1980 land uses.
- * The total number of employees as of November 1980 was estimated at 42,000 by applying these ratios to 1980 land uses.
- * The city's remaining buildable square footage for office, medical, commercial, restaurant, industrial, hotel, and hospital uses was then inventoried using the holding capacity specified in the existing General Plan. This assessment indicates that another 9,673 employees will be added to the city at ultimate build-out.

It is assumed that office and commercial build-out will occur in the city in the year 2000, and that employment growth will be uniform through the period 1980-2000.

ANALYSIS OF EMPLOYMENT TRENDS

The city is expected to increase in employment by 75% between 1980 and 2000, compared to a SCAG-projected regional growth rate of between 68% and 70% during that same period. The city will contain about 5% of the jobs in Orange County by the year 2000.

Between 1984 and 1989, employment should increase by nearly 17%, or about 8,100 jobs. Historical trends suggest that by 1989 there may be as many as

1.65 workers per non-elderly household. Therefore, 8,100 jobs would provide employment for about 4,900 households. Based on the percentage of households living and working in the city in 1980 (about 37%), 8,100 jobs would translate into a housing demand of 1,813 units ($4,900 \times 0.37$). Actual housing demand resulting from the additional employment will depend on the type of jobs created, the availability of housing in communities near Newport Beach at costs available to those workers.

The city's employment projections show the largest increases occurring in business office employment and services. Manufacturing employment is expected to decline somewhat. This decline would be much steeper without an anticipated new aerospace/research facility to be developed. Specific types of employment expected to make significant increases are restaurant services (+96%), medical services (+154%), hotel/motel services (+49%), and business offices (+84%). The anticipated employment growth suggests a large addition of lower-income service workers (about 1,850 restaurant workers), several hundred upper-income service workers (mostly medical professional), and over 20,000 office workers (who would include lower-income entry level and clerical workers, moderate-income managers and professionals, and upper-income senior professionals).

HOUSEHOLD CHARACTERISTICS

ETHNICITY

The 1980 U.S. Census reported the following ethnic and racial identification of city households. Comparative figures for Orange County are also provided.

Table 14

ETHNIC AND RACIAL IDENTIFICATION OF HEAD OF HOUSEHOLD CITY OF NEWPORT BEACH AND ORANGE COUNTY

	<u>Heads of Household</u>	<u>Newport Beach</u>	<u>Orange County</u>
Non-Minority White	26,726	96.0 %	84.32%
Black ¹	61	.22%	1.15%
American Indian, Eskimo, & Aleut ¹	49	.18%	.62%
Asian & Pacific Islander	294	1.06%	3.24%
Other	109	.39%	1.15%
Spanish Origin	581	2.09%	10.19%
White (461)			
Black (3)			
American Indian (13)			
Other (104)			

1. Excludes persons of Spanish origin, shown separately.

Source: U.S. Census Bureau 1980.

Table 15

HOUSEHOLDS BY TYPE AND ETHNICITY (1980)

	<u>Total HH</u>	<u>White</u>	<u>Black</u>	<u>Asian/ Other</u>	<u>Spanish₁ Origin</u>
Total Households	27,820	27,187	64	569	581
Non-Family HH	12,081	11,748	41	292	309
Single	8,644	8,431 ²	25 ²	144 ²	168
Family Households	15,739	15,439	23	277	272
Married Couples	12,851	12,618	16	217	181
With Children	4,463	4,337	6	120	82
Without Children	8,388	8,281	10	97	99
Single Parent w/Children	1,479	1,440	3	36	49
Female-Headed	1,197	1,168	3	26	37
Other Family	1,409	1,381	4	24	42

1. Spanish Origin may be of any race.

2. Numbers do not add to total due to estimation of sampling error.

Source: U.S. Census Bureau.

HOUSEHOLD INCOMES

The median household income in Newport Beach has traditionally been higher than that of Orange County. In 1970, the city's median income was 34.2% higher than the county figure. In 1980, the City's median household income was 20.7% higher than the County's household median income.

Table 16

ACTUAL AND PROJECTED MEDIAN HOUSEHOLD INCOMES ORANGE COUNTY AND NEWPORT BEACH

	<u>Orange County</u>	<u>Newport Beach</u>	<u>(% of County)</u>
1960 ¹	\$ 7,219	\$ 8,571	(+18.7%)
1970 ¹	\$12,244	\$16,435	(+34.2%)
1976	\$16,800 ²	\$20,875 ²	(+24.3%)
1980	\$ 22,806 ¹	\$27,516	(+20.7%)
1983 (Est.)	\$28,284 ³	\$35,000 ³	(+23.7%)

Sources: 1. U.S. Census; 2. 1976 Special Census for Newport Beach;
3. Estimate based on HUD-calculated county median income for March 1983.

Table 17

1980 AND 1984 ESTIMATED
CITY OF NEWPORT BEACH
HOUSEHOLD INCOME

Income	Number 1980	(%)	Number 1984 ²	(%)
\$ 0- 4,999	1,899	6.8%	1,682	5.6%
\$ 5- 9,999	2,341	8.4%	2,074	7.0%
\$10-14,999	2,792	10.1%	2,468	8.3%
\$15-19,999	2,877	10.4%	2,552	8.6%
\$20-24,999	2,683	9.7%	2,407	8.1%
\$25-29,999	2,186	7.9%	1,939	6.5%
\$30-34,999	2,017	7.3%	1,787	6.0%
\$35-39,999	1,827	6.6%	2,492	8.4%
\$40-49,999	2,635	9.5%	3,595	12.1%
\$50-74,999	3,296	11.9%	4,470	15.0%
\$75,000+	<u>3,183</u>	11.5%	<u>4,352</u>	14.6%
TOTAL	27,736 ¹		29,818	

1. Total does not add to total number of households due to rounding.
2. 1984 total estimated as of January 1.

Sources: U.S. Census Bureau; U.S. Department of Housing and Urban Development.

The households which are moving to Newport Beach to purchase housing are likely to be in an income category that is well above the estimated 1983 median income for the city of \$35,000. In this regard, many housing market professionals report that an income of at least \$60,000 to \$65,000 is required in order to seriously consider a housing purchase in the city. The income required to purchase the 1983 average-priced home of \$330,100 is between \$134,000 and \$144,000, depending on assumptions one makes regarding the downpayment, percent of income devoted to housing payments, and the type of loan.

It should be stated that the incomes of households purchasing housing in 1984 in Newport Beach do not accurately characterize the average household residing within the city. A review of 1980 Orange County Assessor's Property Tax Rolls indicates that 62.3% of all single-family homeowners bought their housing before January 1, 1977. Before this date, owner-occupied housing in the city was more accessible to moderate-income families.

HOUSING AFFORDABILITY

Housing affordability is best assessed by analyzing the level of payment as compared to the ability to pay. The most recent data on the amount of income spent on housing expenses in the city of Newport Beach comes from the 1980 U.S. Census. For renters, about 54.5% of the households spent 25% or more of their income on rent. For homeowners, about 34.7% of the households spent about 35% or more of their monthly income on mortgage payments. Currently, lenders are allowing households to pay between 29% and 35% of their gross income for housing. Table 18 shows the relationship of income spent on housing by income group.

Table 18

INCOME GROUP HOUSING EXPENDITURE

Rent/Mortgage as a % of Income	\$0-4,999		\$5,000-9,999		\$10,000-14,999		\$15,000-19,999		\$20,000 +		TOTAL	
	Renters	Owners	Renters	Owners	Renters	Owners	Renters	Owners	Renters	Owners	Renters	Owners
0-24%	0.5%	21%	1.4%	33.7%	11.9%	40.0%	25.0%	54.7%	79.7%	72.3%	45.5%	63.3%
25-34%	2.1%	11.5%	8.7%	10.9%	20.5%	17.4%	37.5%	15.5%	19.1%	14.0%	19.3%	14.0%
35%+	97.4%	67.5%	89.9%	55.4%	67.6%	42.6%	37.5%	29.8%	1.2%	13.7%	35.2%	22.7%

Source: 1980 U.S. Census.

From this table, it appears that among those households earning 80% or less of the 1980 city median household income, the incidence of households paying more than 25% of their income for rents or mortgage payments is significant. It should be noted that a large number of the lower-income households paying more than 25% of their income for housing are likely to be students. Those households in the moderate- and upper-income groups do not appear to have any housing affordability problem.

As part of the 1983 Regional Housing Allocation Model, SCAG prepared an analysis of City households at or below 80% of County median household income paying more than 30% of their income for housing. This analysis was also based on 1980 U.S. Census data. Based on the SCAG analysis, an estimated 3,924 households are at or below 80% of County median income and paying more than 30% of their income for housing. It was further estimated that 2,325 of these households were very low-income, at or below 50% of County Median Household income, and 1,599 of these households were low-income, between 50% and 80% of County Median income. SCAG estimates these households were distributed between owners and renters as follows:

Table 19

HOUSEHOLDS PAYING MORE THAN 30%
OF THEIR INCOME FOR HOUSING

	Very Low-income (0-50%)	Low-income (50-80%)	Total (0-80%)
Owner	490	270	760
Renter	<u>1,835</u>	<u>1,328</u>	<u>3,164</u>
TOTAL	2,325	1,599	3,924

The large number of renter households is also supporting evidence that a large number of households paying over 25% to 30% of their income for housing are students. (See Special Population Groups, Students.)

CITY OF NEWPORT BEACH NEIGHBORHOOD BOUNDARIES



Table 20

RELATIONSHIP OF HOUSING COSTS
TO MEDIAN HOUSEHOLD INCOME BY AREA

<u>Neighborhood Statistical Area</u> ¹	<u>Med. Income</u>	<u>Med. Rent</u>	<u>Percent</u>	<u>Med. Mortgage</u>	<u>Percent</u>
1	25,045	500+	0.25+	675	0.34
2	18,119	338	0.22	750+	0.50+
3	28,529	492	0.21	579	0.24
4	24,766	446	0.22	628	0.30
5	20,370	359	0.21	556	0.33
6	41,552	500+	0.14+	750+	0.22+
7	17,622	368	0.25	685	0.47
8	26,801	489	0.22	741	0.33
9	20,123	415	0.25	709	0.42
10	49,087	500+	0.12+	740	0.18
11	23,641	437	0.22	612	0.31
12	43,626	449	0.12	750+	0.21+
13	37,022	500+	0.16+	750+	0.24+
14	23,934	349	0.17	577	0.29
15	37,151	500+	0.16+	582	0.19
16	18,048	295	0.26	---	0.00
17	45,929	500+	0.13+	750+	0.20+
18	12,500	169	0.16	325	0.31
19	21,170	446	0.25	391	0.22
20	29,493	500+	0.20+	460	0.19
21	38,722	500+	0.15+	592	0.18
22	27,500	500+	0.22+	---	0.00
23	60,181	500+	0.10+	750+	0.15+
24	45,811	445	0.12	750+	0.20+
25	52,792	500+	0.11+	750+	0.17+
26	18,703	477	0.31	413	0.26
27	43,048	500+	0.14+	733	0.20
28	50,723	500+	0.12+	750+	0.18+
29	31,959	442	0.17	604	0.23
30	22,444	442	0.17	604	0.23
31	19,082	428	0.27	510	0.32
Remainder of City	43,630	375	0.10	---	0.00
CITY TOTAL	27,516	461	0.20	742	0.32

1. Neighborhood Statistical Area relates to those areas delineated upon the preceding map.

Source: U.S. Census Bureau.

The incidence of higher-income households paying more than 25% of their income for housing is an indication of unique standards of housing affordability in Newport Beach. Many households allocate a higher percentage of their income for housing because of the unique environmental features of the community which are purchased with the housing unit. In addition, a higher allocation of income toward housing is perceived to be justified because of the investment qualities of housing in the city. Finally, higher expenditures on housing may be justified when tax advantages of such an arrangement are considered, and also on the expectation that incomes will increase while housing expenses remain fixed.

A 1984 survey of mortgage lenders in the Newport Beach area indicates that more liberal standards of affordability have been accepted on an institutional level. Loan underwriting standards for the financial institutions vary from 29% to 35% as the acceptable ratio of monthly housing costs to gross monthly earnings. The accepted total debt service ratio (between all long-term obligations and gross monthly earnings) varies between 36% and 40%.

OVERCROWDING

The substantial reduction in the average household size in the City of Newport Beach indicates that the majority of city households are not overcrowded in terms of persons per dwelling unit. The 1980 Census figure of 2.23 persons per dwelling unit is well below the state and regional average.

In 1980, non-family households, households composed of individuals unrelated by kinship, law, or marriage, comprised 43.6% of all households. By definition, all other households, 56.4%, were family households.

The most common household type in the City of Newport Beach was couples without children. This household type comprised 52.4% of all family households and 29.6% of all households. The second most common household type was single-person residence, comprising 31.3% of all city households. Only 16.3% of all households were two-parent families with children.

The 1970 Census indicated that 134, or 1.2%, of all owner-occupied units and 249, or 2.9%, of all renter-occupied units in Newport Beach in 1970 were occupied by more than 1.01 persons per room. In 1980, these figures were 84 (0.6%) for owner-occupied units and 212 (1.6%) for renter-occupied units. These percentages compare with county figures of 5.2% overcrowding among owner-occupied units, and 7.8% overcrowding among renter-occupied units. The rate of overcrowding, therefore, was substantially less in Newport Beach than it was in the county in 1970, and has decreased since that time.

In 1980, the incidence of overcrowding is most frequent among households where unrelated persons are sharing housing expenses. This household arrangement is common among students as well as seasonal visitors renting units in West Newport, Balboa Peninsula, and Balboa Island. Although the 1980 Census reports an average household size in these areas of 2.18, 2.10 and 2.06 respectively, overcrowded conditions have been observed. Overcrowding in such instances is related to the desirability of housing in these areas, especially among students, and the willingness to "double up" in living arrangements in

order to decrease housing costs. The incidence of overcrowding in West Newport, Balboa Peninsula, and Balboa Island was 1.0%, 0.6%, 1.0% respectively.

SPECIAL POPULATION GROUPS

Students

Newport Beach provides a significant supply of housing for students attending both the University of California at Irvine and Orange Coast College in Costa Mesa. The U.C. Irvine Housing Office has used permanent addresses reported on Winter 1984 registration forms to count the number of U.C.I. students living in Newport Beach. The University estimated this number to be approximately 1,000.

Based on 1981 enrollment at Orange Coast College, it is estimated that an additional 1,500 full-time students from that institution reside in Newport Beach.

The U.C.I. Housing Office, in a past study of student housing opportunities in Orange County, estimated that 1,500 students attending Orange Coast College also reside in Newport Beach. Thus, a total of approximately 2,500 persons, or 4% of the Newport Beach population, are college students.

Most of these students reside in the neighborhoods of West Newport, Balboa Peninsula, and Balboa Island, where median rents in January 1981 were \$600, \$600, and \$500 respectively. These prices are comparable to average costs for off-campus student housing throughout the Orange County Area. Average costs reported by the U.C.I. Off-Campus Student Service Office as of September 1980 were:

Table 21

U.C.I. OFF-CAMPUS STUDENT SERVICE OFFICE HOUSING COST

Apartments	
1 bedroom, 1 bath	\$400/mo.
2 bedroom, 1 bath	\$450/mo.
Homes	
3 bedroom, 2 bath	\$640/mo.
Irvine Co. Apartments	
1 bedroom, 1 bath	\$469/mo.
2 bedroom, 1 bath	\$515/mo.

Students are able to afford these prices by living with other students and sharing costs. In some cases, this encourages overcrowded conditions.

Elderly

In 1980, 7,288 persons, or 11.7% of the city population, were 65 years of age or older. Those 62 years of age or older totalled 9,196, and made up 14.7% of

the population. The elderly population in Newport Beach has grown steadily since 1960, and is expected to continue to increase. The percentage of older persons in the city is large compared to the region; in 1970, when 12.3% of all city residents were 62+ years of age, only 8.4% of all county residents were in this same age category.

Many elderly persons residing in Newport Beach are long-time residents of the city. Many others have moved to the city to pursue a retirement lifestyle. Those persons in the latter category are generally well-housed because their housing arrangement has been chosen to match their retirement lifestyle and financial situation. Persons in the former category are in many cases living in the dwelling unit purchased at an earlier stage in their lives. In many cases, this unit no longer matches their housing needs in terms of living space, maintenance, location in respect to community facilities, and cost. Persons living on low, fixed incomes may be "housing rich" in terms of the accumulated equity in their homes, but poorly served by the housing unit itself. In such cases, elderly residents may retain their living quarters only because they wish to remain in the community. Alternative living arrangements in the community, involving smaller units close to commercial and transportation facilities with some congregate services, would better serve the needs of this population segment.

Many elderly residents in the city reside in mobile home parks. A significant number of long-time elderly residents live in the older parks which were developed in the 1950's and 1960's, while others live in parks which are close to the bay and which cater to a retirement lifestyle.

Female Head of Household

Available 1980 Census data indicates that there are 2,121 female-headed households within the Community. Of these total households 1,224 have related children under 18 years of age and 181 have related children under 6 years of age. It is not possible to determine how many of these households are in need of housing assistance, below 80% of County median household income and paying more than 30% of their income for housing, from Census data. However, Census data shows that 264 of these female-headed households are below poverty status, below \$7,356 in 1979 for a family of four. Of these 264 households, 202 had related children under 18 years of age and 32 had related children under 6 years of age.

Handicapped

The 1980 Census reported that 1,143 persons, or 1.8% of the city population, had a permanent mental or physical handicap which prevented them from using public transportation. Over 69% of those individuals with such disabilities were 65 years of age or older. This includes persons who are blind, deaf or mute, or who are confined to bed or a wheelchair, or who require crutches. Public transportation disability is an indicator of special housing needs of handicapped persons, these include: structural accommodations, including wheelchair ramps, wide doorways, grab bars, etc., as well as infrastructure accommodations (Handicapped access ramps) to make neighborhoods accessible.

Large Families

For purposes of this analysis, the City has examined both households and families with five or more persons. The 1980 Census reported that of the 27,736 total households in the City, 1,515 (5.4%) contained 5 persons or more. Of the 1,515 large households, 1,382 (91.2%) were large families. Families are groups of persons related by blood, marriage, or adoption. The remaining 133 (8.8%) households were non-related individuals residing together as household groups; these households represented 0.5% of the total households in the City. The large family households represent 5.0% of the total households in the City. The 1,382 large families represent 8.8% of the 15,656 total families residing in the City at that time. Table 22 shows the distribution of the number of persons per family and household as indicated in the 1980 Census. As indicated in Table 23, in 1980 116 (0.7%) of these large families were low income families earning less than 80% of the County median family income (less than \$19,999); and of these, 39 (0.2%) were estimated to be very-low income families earning no more 50% of the County median family income (\$13,045). Thirty-one (0.1%) households at that time paid more than 30% of their income towards housing costs, and 19 (0.07%) of those households fell in the very-low category.

Based upon the projected population for the City in 1989, the number of total families should increase to 17,732 and households to a total of 31,413. Assuming the project number of persons per family/household is achieved, large families should number approximately 1,560, and large households should equal 136 for a total of 1,696 total households of 5 or more persons. The number of low income families will be nearly 131, and approximately 44 of these will be very-low income families. Households paying more than 30% of their income to housing in 1989 will number about 35. It is estimated that 14 of the households will be classified as low income households, and the remaining 21 as very-low income households.

Table 22

HOUSEHOLD & FAMILY SIZE

<u>Persons</u>	<u>Families</u>	<u>%</u>	<u>Households</u>	<u>%</u>
1			8,686	31.3
2	8,624	55.1	10,581	38.1
3	3,257	20.8	4,184	15.1
4	2,393	15.3	2,770	10.0
5	1,051	6.7	1,120	4.0
6	222	1.4	260	.9
7+	109	.7	135	.5
Total	15,656		27,736	

Table 23

PERSONS IN FAMILY BY FAMILY INCOME

\$ - \$ 4,999	276	131	46	8	0	3	464
\$ 5,000 - \$ 9,999	546	110	72	15	0	0	743
\$10,000 - \$14,999	723	208	97	6	7	0	1,041
\$15,000 - \$24,999	997	273	148	68	13	11	1,510
\$20,000 - \$24,999	997	273	148	68	13	11	1,510
\$25,000 - \$34,999	1,395	521	459	129	39	5	2,548
\$35,000 - \$49,999	1,525	699	507	168	61	37	2,997
\$50,000 - \$74,999	1,272	576	525	209	46	9	2,537
\$75,000 +							
MEDIAN	31,849	38,096	42,358	58,792	46,875	44,200	

Persons in Poverty

The Census Bureau reported that in 1980, 4,256 persons were below the poverty level, or 6.9% of the city's residents. The poverty level is an annually revised income ceiling calculated by the Census Bureau. Table 24 compares the 1979 and 1983 poverty levels adjusted for family size, and Table 25 shows the number of families and households below the poverty level.

Table 24

INCOME LIMIT DEFINED AS POVERTY LEVEL

Size of Household	<u>1979</u>	<u>1983</u>
1	\$ 3,686	\$ 5,060
2	\$ 4,723	\$ 6,480
3	\$ 5,787	\$ 7,940
4	\$ 7,412	\$10,180
5	\$ 8,776	\$12,060
6	\$ 9,915	\$13,630
7	\$11,237	\$15,520
8	\$12,484	\$17,260
9	\$14,812	\$20,330

Source: U.S. Census Bureau, weighted average threshold for age of household members.

Table 25

HOUSEHOLDS AND FAMILIES BELOW POVERTY LEVEL
(1980)

	<u>Total</u>	<u>With Children</u>	<u>Without Children</u>
Families	529	299	230
Elderly (65+)	34	0	34
Female-Headed	264	202	62
Non-Families	1,427		1,427
Elderly (65+)	<u>323</u>	<u> </u>	<u>323</u>
TOTAL	1,956	299	1,657

Source: U.S. Census Bureau.

HOUSING STOCK CHARACTERISTICS

Residential Growth and Dwelling Unit Types

Between April 1970 and April 1980, 8,919 housing units were added to the housing inventory in the City of Newport Beach. This indicates an average yearly increase in the housing stock of approximately 892 housing units. Since 1976, this rate of increase has slowed significantly. Between April 1976 and January 1980, 1,460, an average of 365 housing units per year, were added to the housing stock. Actual units constructed each year since 1976 are listed in Table 26.

Table 26

NET ADDITIONS AND TOTAL HOUSING UNITS 1976 - 1984

<u>Year</u>	<u>Total Housing Units At Year Start</u>	<u>Net Additions</u>
1976	29,812	330
1977	30,142	507
1978	30,649	348
1979	30,997	275
1980	31,272	191
1981	31,463	149
1982	31,612	121
1983	31,733	223
1984	31,956	

To this total must be added the West Newport annexation and the discrepancy between the City's records and the 1980 Census count. The actual total number of housing units as of January 1, 1984, is estimated to be 32,489. The number of housing units in 1976 and in 1980 in each statistical area of the city is shown on Table 27.

This data indicates that four neighborhoods experienced 82% of all dwelling unit growth in the city. In the Hoag Hospital Area (Area A) 214 units were added; in the Harbor Isle, Linda Island, Bayside Drive Area (Area G) 101 units were added; in the Bluffs, East Bluff, and Park Newport (Area K) 156 units were added; and in Harbor View Hills, Jasmine Creek, and Spyglass Hills (Area M) 721 units were added.

Table 27

HOUSING UNITS AND VACANCY RATES
1976 and 1980 BY STATISTICAL AREA
CITY OF NEWPORT BEACH

Statistical Areas	Housing Units		% Change	Vacant Units	
	1976 ¹	Jan. 1, 1980 ²		1976 ¹	1980 ³
A1, A2	1,156	1,370	+18.5%	257 (22.2%)	321 (14.45%)
B1, B2, B3, B4, B5	4,143	4,219	+ 1.8%	610 (14.72%)	559 (13.26%)
C1, C2	910	919	+ 1.0%	111 (12.20%)	109 (11.58%)
D1, D2, D3, D4	3,079	3,105	+ 1.0%	531 (17.25%)	502 (16.56%)
E1, E2, E3	2,197	2,216	+ 0.9%	371 (16.89%)	253 (11.64%)
F1, F2, F3, F4, F5, F6, F7, F8	4,250	4,339	+ 2.1%	251 (5.91%)	283 (6.57%)
G1	943	1,044	+10.7%	386 (40.93%)	127 (13.00%)
H1, H2, H3, H4	2,177	2,209	+ 1.5%	165 (7.67%)	117 (5.35%)
J1, J2, J3, J4, J5	3,952	3,968	+ 0.4%	228 (5.76%)	445 (11.29%)
K1, K2, K3	3,573	3,572	0.0%	184 (5.15%)	171 (4.71%)
L1, L2, L3, L4	572	728	+27.3%	44 (6.69%)	72 (9.66%)
M1, M2, M3, M4, M5	2,862	3,583	+25.2%	121 (4.23%)	193 (5.26%)
CITY TOTAL	29,812	31,272	+ 4.9%	3,259 (10.93%)	
General Plan Area (includes A3 and J6)	30,819	32,277	+ 4.7%	3,292 (10.68%)	3,153 (9.83%)

Sources: 1. 1976 Special Census; 2. 1980 Census; 3. Includes West Newport Triangle (A3), annexed to the City in December 1980.

Table 28

YEAR-ROUND HOUSING UNIT TYPES (APRIL 1980)¹
BY STATISTICAL AREA
CITY OF NEWPORT BEACH

Statistical Areas	Single-Family	Duplex	Triplex + Fourplex	Multi-Family	Mobilehome/ Other	TOTAL
A1, A2, A3 ³	719	5	196	964	313	2,187
B1, B2, B3, B4, B5	1,750	1,591	221	350	211	4,123
C1, C2	767	35	55	45	---	902
D1, D2, D3, D4	1,321	711	362	516	39	2,949
E1, E2, E3	1,303	629	32	42	---	2,006
F1, F2, F3, F4, F5, F6, F7, F8	2,691	676	379	265	14	4,297
G1	555	15	40	414	---	1,024
H1, H2, H3, H4	1,665	79	39	350	42	2,175
J1, J2, J3, J4, J5	2,146	17	28	1,698	21	3,910
K1, K2, K3	1,913	54	86	1,364	234	3,651
L2, L2, L3, L4	544	7	56	117	---	724
M1, M2, M3, M4, M5	2,969	7	156	513	---	3,645
Other	15	---	5	---	---	20
City Total ³	18,628 (56.2%)	3,828 (17.2%)	1,645 (2.8%)	6,638 (17.7%)	874 (2.9%)	31,613 ² 100%

1. Does not include group quarters and seasonal or migratory units.

2. Percentages do not add to 100% due to independent rounding.

3. Includes West Newport Triangle, annexed to the City in December 1980.

Source: U.S. Census Bureau.

Table 29

HOUSING UNIT TYPES (JANUARY 1980)¹

BY STATISTICAL AREA

CITY OF NEWPORT BEACH

Statistical Areas	Single-Family	Duplex	Triplex	Fourplex	Multi-Family	Mobile Home	Misc.	TOTAL
A1, A2	854	12	6	52	364	82	---	1,370
B1, B2, B3, B4, B5	1,583	1,929	117	40	212	328	10	4,219
C1, C2	791	48	54	---	26	---	---	919
D1, D2, D3, D4	1,460	773	284	161	360	63	4	3,105
E1, E2, E3	1,002	1,128	51	21	13	---	1	2,216
F1, F2, F3, F4, F5, F6, F7, F8	2,663	1,144	253	68	197	---	14	4,339
G1	305	108	24	116	479	---	12	1,044
H1, H2, H3, H4	1,540	126	111	52	333	46	1	2,209
J1, J2, J3, J4, J5	2,100	34	6	52	1,671	105	---	3,968
K1, K2, K3	1,771	36	6	64	1,389	292	14	3,572
L2, L2, L3, L4	589	6	---	40	93	---	---	728
M1, M2, M3, M4, M5	2,926	46	3	208	400	---	---	3,583
CITY TOTAL	17,584 (56.2%)	5,390 (17.2%)	915 (2.9%)	874 (2.8%)	5,537 (17.7%)	916 (2.9%)	56 (.2%)	31,272 100%

1. Does not include group quarters.

2. Percentages do not add to 100% due to independent rounding.

Source: City of Newport Beach Planning Department.

The annexation of the West Newport Triangle (Statistical Area A3) in December 1980 added the following additional units within the city:

Table 30

UNITS IN THE WEST NEWPORT TRIANGLE

<u>Total Dwelling Units</u>	<u>Single Family</u>	<u>Duplex</u>	<u>Multi-family</u>	<u>Mobile Homes</u>
735	9	8	505	213

Source: City of Newport Beach Planning Department.

With this addition, the housing unit mix in the city is estimated as follows:

Table 31

HOUSING UNIT MIX

<u>Housing Unit Type</u>	<u>Number of Units</u>	<u>Percent of Total</u>
Single-Family	17,593	55.0%
Duplex	5,398	16.9%
Triplex	915	2.8%
Fourplex	874	2.7%
Multi-Family	6,042	18.9%
Mobile Home	1,129	3.5%
Miscellaneous	<u>56</u>	<u>.2%</u>
TOTAL	32,007	100.0%

Source: City of Newport Beach Planning Department.

This housing unit mix compares to Orange County and neighboring cities as follows:

Table 32

HOUSING UNIT COMPARISONS²

	<u>Single-Family</u>	<u>2 - 4 Multiple Units</u>	<u>5 or more Multiple Units</u>	<u>Mobile Homes</u>
Newport Beach	17,593 (55.0%)	7,187 (22.4%)	6,042 (18.9%)	1,129 (3.5%)
Costa Mesa	16,781 (49.9%)	6,229 (18.5%)	9,496 (28.2%)	1,141 (3.4%)
Huntington Beach	34,030 (53.7%)	10,843 (17.1%)	15,436 (24.4%)	3,056 (4.8%)
Laguna Beach	5,740 (63.4%)	1,963 (21.7%)	1,337 (14.7%)	17 (0.2%)
Orange County	420,029 (59.2%)	93,471 (13.2%)	165,917 (23.4%)	30,184 (4.3%)
California	5,257,625 (57.0%)	1,363,741 (14.8%)	2,215,995 (24.0%)	385,759 (4.2%)

Source: State Department of Finance, Population Research Unit, January 1, 1980.

Residential Densities

Residential densities in many neighborhoods in the City of Newport Beach are very intense. Densities have been estimated by dividing residential acreage (as of 1972) by current dwelling unit counts:

Table 33

RESIDENTIAL DENSITIES BY AREA

	<u>Estimated Density (Dwelling Units per Acre)</u>
Balboa Peninsula	22.4
West Newport	19.3
Balboa Island	27.7
Old Corona del Mar	16.9
Lido Island	13.9

Source: City of Newport Beach Planning Department.

In addition, many attached housing projects in the city have been developed to maximize land usage. Existing attached projects in the city and their densities are listed below.

Table 34

DENSITIES OF ATTACHED HOUSING

<u>Project</u>	<u>Gross Acreage</u>	<u>Number of Dwelling Units</u>	<u>Dwelling Units Per Gross Acre</u>
Newport Crest	38.0	460	12.1
Versailles Phase I	6.8	255	37.5
Lido Condominiums	1.1	54	49.1
Condominium at			
621 Lido Park Drive	1.7	36	21.2
Caribe	1.3	48	36.9
Rendezvous	.75	24	32.0
Oakwood	32.3	1,450	44.9
Mariners Square	6.2	114	18.4
Park Newport	53.2	1,302	24.5
Promontory Point	32.8	520	15.8
Bayview Apts.	5.4	64	11.8
Bayport Apts.	5.3	96	18.1
Baywood Apts.	27.4	310	11.3
Newport Terrace	40.0	281	7.0
Granville Apts.	10.16	67	6.59

Source: City of Newport Beach Planning Department.

Dwelling units in these projects when totalled with all units in the neighborhoods listed above account for 18,640 dwelling units, or 60% of all city dwelling units as of January 1980.

The trend within the city toward higher density development is demonstrated also by building permit data. Table 35 shows that since 1980, multi-family permits issued have exceeded single-family permits issued in the city. This is exactly opposite the trend state-wide, where single-family permits have exceeded multi-family in recent years.

Table 35

PERMITS ISSUED 1980 - 1983

<u>NEWPORT BEACH</u>	<u>Single-Family</u>	<u>2 - 4 Units</u>	<u>5 Units</u>	<u>Total</u>
Apr.-Dec. 1980	138 (52.6%)	64 (24.4%)	60 (22.9%)	262
1981	79 (29.2%)	77 (28.4%)	115 (42.4%)	271
1982	106 (61.6%)	66 (38.4%)	0	172
1983	<u>97 (35.7%)</u>	<u>74 (27.2%)</u>	<u>101 (37.1%)</u>	<u>272</u>
Total	420 (43.0%)	281 (28.8%)	276 (28.2%)	977

Source: City of Newport Beach Planning Department.

PERMITS ISSUED 1980 - 1983

<u>ORANGE COUNTY</u>	<u>Single-Family</u>	<u>Multi-Family</u>	<u>Total</u>
Apr.-Dec. 1980	5,421 (64.0%)	3,055 (36.0%)	8,476
1981	4,345 (46.2%)	5,069 (53.8%)	9,414
1982	2,859 (34.3%)	2,410 (45.7%)	5,269
1983	<u>7,457 (57.9%)</u>	<u>5,433 (42.1%)</u>	<u>12,890</u>
Total	20,082 (55.7%)	15,967 (44.3%)	36,049

Source: Security Pacific National Bank, "California Construction Trends".

<u>CALIFORNIA</u>	<u>Single-Family</u>	<u>Multi-Family</u>	<u>Total</u>
Apr.-Dec. 1980	67,321 (60.3%)	44,380 (39.7%)	111,701
1981	59,900 (57.1%)	45,000 (42.9%)	104,900
1982	49,784 (59.1%)	34,404 (40.9%)	84,188
1983	<u>99,299 (59.0%)</u>	<u>69,059 (41.0%)</u>	<u>168,358</u>
Total	276,304 (58.9%)	129,843 (41.1%)	469,147

Source: Security Pacific National Bank, "California Construction Trends".

Housing Tenure

Tenure of housing in Newport Beach has varied as follows between 1970 and 1980:

Table 36

HOUSING TENURE

	<u>Total Occupied Units</u>	<u>Owner- Occupied</u>	<u>Renter- Occupied</u>
1970	19,280	10,810 (56.1%)	8,470 (43.9%)
1976	26,553	14,710 (55.4%)	11,843 (44.6%)
1980	27,820	14,888 (53.5%)	12,932 (46.5%)

Sources: U.S. Census Bureau; 1976 Special Census for Newport Beach.

The percentage of rental housing in Newport Beach is higher than that of Orange County. The latest data comparing rentals are from the 1980 Census:

Table 37

PERCENT OF RENTAL HOUSING BY CITY¹

	<u>Percent of Rental Housing</u>
Newport Beach	46.5%
Costa Mesa	57.7%
Huntington Beach	43.0%
Laguna Beach	47.9%
Orange County	40.1%

1. Percent based upon occupied units plus units available for sale or rent.

Source: U.S. Census Bureau.

The percentage of rental housing has increased in the city since 1960, when only 36% of all occupied units were rented. This is due to a sizeable amount of new rental construction in the late 1960's and early 1970's. Such rental projects include the following:

Table 38

MAJOR RECENT RENTAL PROJECTS

Bayview Apartments	64 units
Bayport Apartments	104 units
Park Newport	1,302 units
Promontory Point	502 units
Baywood Apartments	320 units
Sequoia Apartments	54 units
Big Canyon	<u>74 units</u>
TOTAL	2,438 units

Source: City of Newport Beach Planning Department.

In addition to these larger rental projects, and others built earlier, the city contains many rented duplex, triplex, and fourplex rental units in its older neighborhoods. Areas where this type of rental housing is predominant include West Newport, Balboa Peninsula, and Balboa Island.

Since 1980, the amount of new rental construction in the city has been negligible; only one major (over \$500,000) apartment project has been completed during the past three years, a 68-unit project. Approved condominium conversions, since 1980, total 2 units. In September 1979, the city adopted a new ordinance to regulate condominium conversions. Condominium conversions are restricted as follows:

- No condominium conversion may be approved on a lot of less than 5,000 square feet, regardless of when such lot was legally established (Zoning Code, Chapter 20.73.025).
- No condominium conversion use permit shall be approved when the rental dwelling unit vacancy rate in the city is equal to or less than 5% (Zoning Code, Chapter 20.73.035). This provision can be overridden if two-thirds of the tenants of a project vote to recommend project conversion, or if conversion will minimize vacancies or other wise substantially comply with the intent of the city's zoning code.

These restrictions have influenced the incidence of condominium conversions in the City of Newport Beach as follows:

Table 39

CONDOMINIUM CONVERSION APPLICATIONS APPROVED

	<u>Resubdivisions</u>	<u>Tracts</u>	<u>Total</u>
1976	0	34	34
1977	12	0	12
1978	60	53	113
1979	7	255	262
1980	11	0	11
1981	2	0	2
1982	0	0	0
1983	0	0	0
1984 (through April)	<u>0</u>	<u>0</u>	<u>0</u>
Total	92	342	434

Source: City of Newport Beach Planning Department.

Under this zoning regulation, most rental units in the older beach neighborhoods are preserved as rental housing, because lots in these neighborhoods are generally less than 5,000 square feet. Property owners may not convert rental units, but, in some cases, such units have been demolished and new attached for-sale housing has been built to bypass the city's restrictions on condominium conversions.

Review of assessor parcel information indicates that 384 of the 424 units approved for conversion by the City actually converted. This represents ten projects, including two triplexes, one duplex and one project consisting of 225 units. The remaining 7 conversions ranged in size from 8 units to 45 units. Among those units which were approved, but did not convert were nine duplexes and three triplexes. The remaining projects which did not convert contained 6, 10, and 11 units.

The conversion of large rental projects has been restricted by the city's vacancy rate provision.

Vacancy Rates

The city's overall housing unit vacancy rate has varied as follows between 1970 and 1980:

Table 40

NEWPORT BEACH OVERALL HOUSING UNIT VACANCY RATE

	<u>All Vacant Units</u>	<u>Total</u>	<u>For Sale</u>	<u>For Rent</u>
1970 ¹	14.2%	6.8%	2.6%	11.6%
1976 ²	10.9%	4.3%	2.3%	6.5%
1980 ³	10.1%	5.2%	3.8%	6.1%

Sources: 1. 1970 U.S. Census; 2. 1976 Special Census for Newport Beach, all vacancy rates have been adjusted from actual 1976 data to account for 54.1% vacancy rate within Promontory Point which was recently completed at the time of the 1976 Census; 3. 1980 U.S. Census -- year-round housing units.

The large discrepancy between overall vacancy rates and vacancy rates among available units is due to the large number of seasonal units and second homes in Newport Beach. Within the 1980 Census, 1,526 of 3,120 vacant units were "held for occasional use" or "held for other reasons".

To assist in the administration of its condominium conversion ordinance, the city has conducted rental vacancy surveys since 1979. The results of these surveys are shown on Table 41.

Table 41

CITY RENTAL VACANCY RATE SURVEY RESULTS

<u>Unit Type</u>		<u>Vacancy Rates</u>		
		<u>October 1979</u>	<u>April 1980</u>	<u>May 1983</u>
Single-Family	8.68%	-----	-----	-----
Duplex	4.66%	3.53%	2.34%	
Triplex	3.47%	4.37%	1.96%	
Fourplex	1.23%	2.38%	3.04%	
5 or More Units	1.97%	1.25%	4.24%	
Mobile Homes	.19%	-----	-----	-----
TOTAL		4.22%	2.31%	----
Excluding Single-Family and Mobile Homes		2.93%	2.31%	3.34%

Source: City of Newport Beach Planning Department.

The most recent source of information from an outside agency on vacancies comes from the Federal Home Loan Bank Board.

Table 42

FEDERAL HOME LOAN BANK OF SAN FRANCISCO VANCY SURVEY
(MAY 1983)

<u>Zip Code Areas</u>	<u>All Units</u>	<u>Single-Family</u>	<u>Multi-Family</u>
<u>Newport Beach</u>			
92660	228 (2.3%)	80 (1.7%)	138 (2.8%)
92661	70 (2.7%)	63 (3.2%)	7 (1.1%)
92662	134 (6.3%)	79 (5.7%)	55 (7.4%)
92663	256 (2.3%)	67 (1.5%)	132 (2.1%)
<u>Corona del Mar</u>			
92625	145 (2.3%)	71 (1.7%)	74 (3.4%)
TOTAL	833 (2.6%)	360 (2.2%)	406 (2.7%)

It should be noted that the method used by the Federal Home Loan Bank Board in calculating vacancies differs from the Census Bureau because of the method of counting vacant units and defining such units. Vacancies are calculated by

interagency agreement with the U.S. Postal Service. Vacant units are counted as those dwellings which are not receiving mail deliveries. Thus, the Federal Home Loan Bank survey cannot distinguish unoccupied units by rental or sales status or whether the unit is a much lower reported vacancy rate than the Census.

It should be noted that the Federal Home Loan Bank surveys usually show lower vacancy rates than comparable Census surveys because of the different definitions used to determine vacancy.

A regional housing vacancy survey for owner- and renter-occupied units provides comparisons between overall vacancy rates in Newport Beach and within the Anaheim-Santa Ana-Garden Grove Standard Metropolitan Statistical Area (SMSA).

According to this Federal Home Loan Bank Survey, vacancy rates in this region have been declining as follows since 1978.

Table 43

REGIONAL VACANCY RATES

	Vacancy Rate <u>All Housing Types</u>
May 1978	2.3%
July 1979	2.0%
July 1980	1.7%

Source: Federal Home Loan Bank Survey (May 1983).

Housing Condition

The most recent survey of housing conditions in Newport Beach was completed as part of the 1976 Special Census. This survey indicated that only 1.3% of all housing units were deficient. Deficient units in this regard include deteriorated, and dilapidated units, as well as those units which were inadequate in original construction, or which were under extensive repair.

Three neighborhoods in the city contain slight concentrations of substandard housing. Five and one-tenth percent of all housing units on Balboa Peninsula were in substandard condition, while 2.5% and 2.6% of all units on Balboa Island and in Newport Heights (Statistical Area H) respectively, were in substandard condition.

Because of the increasing value of housing in Newport Beach, private investment in housing improvements is a common phenomenon. Based on 1980 Census information and a 1984 visual survey, it is estimated that currently less than 1.0% of the city's housing stock is deficient because of structural or plumbing problems.

In 1980, 72% of all residential building permits issued by the City of Newport Beach were for residential alterations or additions. The average value of the 676 building permits issued in 1980 was \$14,530.

HOUSING PRICES

New Homes

Prices of new homes in Newport Beach have escalated sharply since the mid-1970's. The increase in price can be estimated by comparing value ratios of homes for sale in 1975 to those for sale in 1980. Table 44 provides value ratios for 24 new residential projects (or phases of projects) built in Newport Beach in those years.

Of the seven condominium and planned unit development projects constructed in 1975, average value ratios were \$49.69 to \$63.78 per square foot. Average value ratios for the four projects constructed in 1980 ranged from \$134.51 to \$181.50 per square foot. The increase represented by these figures is 170% to 180%. By 1984, value ratios ranged from \$107.52 to over \$218.58 per square foot. Table 45 provides value ratios for eight new residential projects (or phases of projects) built in Newport Beach in the last four years.

The most significant factor in the increasing prices of new homes in Newport Beach is the increase in land costs. As the supply of vacant residential land decreases, the price of the last remaining residential acres increases. This, in turn, triggers the construction of more luxurious units with more amenities and higher construction costs which "balances" the land price component of the unit selling price. For this reason, units built between 1980 and 1984 are not necessarily similar in nature to the types of units built in 1975; amenities and luxury features have been increased. The large square footage of many projects suggests that developers are concentrating on the highest income segment of potential homebuyers.

Table 44

VALUE RATIOS OF NEW RESIDENTIAL CONSTRUCTION IN NEWPORT BEACH 1975 - 1983

Condominiums and Planned Unit Developments

Development Location, (Developer)	Phase	Basic Price		Square Feet	Value Ratio		Date of Price Figures
		Range			(Price ÷ Square Feet)		
1. Canyon Crest Estates/ Condominium	1	\$ 76,900-	\$ 85,500	1,650-2,100	46.61-	40.71	February 1975
Pacific View Drive & New MacArthur (Estate Builders Inter- national)	2	\$ 76,900-	\$ 88,000	same	46.61-	41.90	February 1976
2. Deane Homes-Big Canyon/ P.U.D. San Joaquin & Big Canyon Dr. (Ben Deane & Co.)		\$125,000-	\$260,000	1,820-3,695	68.68-	70.37	February 1975
3. Jasmine Creek/P.U.D. San Joaquin Hills & Marguerite	1	\$ 95,500-	\$112,000	1,857-2,582	51.43-	43.38	February 1975
Inlet & Marguerite	2	\$ 98,500-	\$148,000	same	53.04-	65.05	February 1976
San Joaquin & Marguerite	3	\$168,950-	\$226,950	1,857-2,323	90.98-	97.70	March 1978
(M.J. Brock & Son)	4	\$189,950-	\$223,950	1,857-2,275	102.29-	98.44	May 1979
	5	\$222,000-	\$395,000	1,850-2,000	120.00-	197.50	March 1980
4. Newport Crest/Condominium Superior & Ticonderosa (Pacific Newport Crest)	1	\$ 58,875-	\$ 68,875	1,242-2,043	47.40-	33.71	February 1975
	2	same		same	same		February 1976
5. Sea Wind Newport/Condominium Superior & Ticonderosa (Don W. Woodward)		\$ 45,000-	\$ 51,000	1,050-1,300	42.86-	39.23	February 1975

Table 44 (Con't.)

VALUE RATIOS OF NEW RESIDENTIAL CONSTRUCTION IN NEWPORT BEACH 1975 - 1983

Condominiums and Planned Unit Developments

Development Location, Developer	Phase	Basic Price Range	Square Feet	Value Ratio (Price ÷ Square Feet)		Date of Price Figures
6. Six Twenty-One Park Dr./Condominium	1	\$135,000-\$165,000	2,150-2,632	62.79-	62.69	February 1975
Lido Park & Lafayette (Dan Olmstead)	2	\$129,500-\$170,000	2,550-2,650	50.78-	64.15	February 1976
7. Six Zero One Lido Park Dr./ Condominium	1	\$110,000-\$150,000	1,850-2,000	59.46-	125.00	February 1975
Lido Park & Lafayette (Swan Construction)	2	\$115,000-\$245,000	1,990-2,000	60.53-	122.50	February 1976
8. The Cove/Condominium Bayside & Jamboree (Irvine Pacific)		\$ 85,000-\$199,500	1,600-2,386	53.13-	83.61	February 1976
9. Big Canyon Townhomes Ford & MacArthur (McLain Development)		\$136,300-\$199,800	1,606-1,986	84.87-	100.60	March 1978
10. Tract 9810 Tustin & Sixteenth (Pacesetter Homes)		\$105,000-\$130,000 (Proposed)	1,496-1,967	66.09-	70.19	March 1978
11. Harbor Ridge Crest/P.U.D. Spyglass & Harbor Ridge (Irvine Pacific)	1	\$275,000-\$360,000	1,950-2,967	141.03-	121.33	May 1979
	2	\$310,000-\$385,000	1,950-2,967	158.97-	129.76	May 1980

Table 44 (Con't.)

VALUE RATIOS OF NEW RESIDENTIAL CONSTRUCTION IN NEWPORT BEACH 1975 - 1983

Single-Family Detached

<u>Development Location, (Developer)</u>	<u>Phase</u>	<u>Basic Price Range</u>	<u>Square Feet</u>	<u>Value Ratio (Price ÷ Square Feet)</u>	<u>Date of Price Figures</u>
1. Spyglass Hill Spyglass Hill & San Joaquin Hills (Lusk Homes)		\$131,000-\$215,000	2,239-4,072	58.51-52.79	July 1976
2. Westcliff Grove Dover and 17th St. (Pacesetter Homes)		\$340,000-\$445,000	2,508-3,368	135.57-132.13	June 1980
3. Sea Island		\$330,000-\$720,000	2,111-3,294	141.45-218.52	1983
4. Belcourt		\$375,000-\$1,700,000			Sept.-Nov. 1983
5. Harbor Ridge Estates/PUD Spyglass & Harbor Ridge (Irvine Pacific)		\$245,000=\$625,000	2,350-3,804	146.81-164.30	March 1980
6. The Versailles/Condominiums Superior & Hoag (Daon Corp.)		\$ 65,500-\$325,500	463-1,586	141.47-205.23	March 1980
7. 1000 Sea Love Lane (McLain Development)		\$125,150/unit ¹ Average			November 1980
8. Ocean Vista (McLain Development)		\$125,700/unit ¹ Average			February 1981

Table 44 (Con't.)

VALUE RATIOS OF NEW RESIDENTIAL CONSTRUCTION IN NEWPORT BEACH 1975 - 1983

Single-Family Detached

<u>Development Location, (Developer)</u>	<u>Phase</u>	<u>Basic Price Range</u>	<u>Square Feet</u>	<u>Value Ratio (Price ÷ Square Feet)</u>	<u>Date of Price Figures</u>
9. 31st, 32nd, 33rd Sts. (Morgan Development)		\$ 81,750/unit ¹ Average			
10. Belcourt		\$375,000-\$700,000			1983
11. Villa Balboa		\$139,900-\$399,900		149.10-176.01	December 1983

1. Excludes land costs.

Sources: Residential Sales Survey, First American Title Trust Company; Security Pacific National Bank, Construction Trends.

Table 45

VALUE RATIOS OF NEW RESIDENTIAL CONSTRUCTION IN NEWPORT BEACH 1980 - 1984

Condominiums and Planned Unit Developments

<u>Development Location, (Developer)</u>	<u>Phase</u>	<u>Basic Price Range</u>	<u>Square Feet</u>	<u>Value Ratio (Price ÷ Square Feet)</u>	<u>Date of Price Figures</u>
1. Villa Balboa (Newport Development Company)	4	\$139,900-\$399,900	1,020-2,012	137.16-198.76	March 1984
2. Brookview Newport (Heltzer Enterprises)	1	\$162,900	1,515	107.52	March 1984
3. Belcourt Hill (J.M. Peters Co.)	1	\$375,000-\$720,000	2,036-3,294	184.18-218.58	March 1984
4. Belcourt (J.M. Peters Co.)	N/A	\$535,000-\$700,000	2,969-4,579	180.20-152.87	March 1984
5. Sea Island (Lusk Homes)	1	\$330,000-\$505,000	2,333-3,003	141.45-168.17	March 1984
6. Seashore Townhomes (Morgan Development, Inc.)	N/A	\$240,000-\$325,000	1,600-2,034	150.00-159.78	March 1984

Tab 45 (Con't.)

VALUE RATIOS OF NEW RESIDENTIAL CONSTRUCTION IN NEWPORT BEACH 1980 - 1984

Single-Family Detached

	Development Location, (Developer)	Phase	Basic Price Range	Square Feet	Value Ratio		Date of Price Figures
					(Price ÷ Square Feet)		
1.	Belcourt Manor (J.M. Peters Co.)	1	\$730,000-\$ 830,000	3,304-	4,411	220.94-188.17	March 1984
1a.	Belcourt Manor Lot Only (J.M. Peters Co.)	1	\$375,000-\$ 535,000	8,000-	11,265	46.88- 47.49	March 1984
2.	Belcourt Gallery (J.M. Peters Co.)	1	\$995,000-\$1,700,000	3,565-	5,223	279.10-325.48	March 1984
2a.	Belcourt Gallery Lot Only (J.M. Peters Co.)	1	\$475,000-\$ 695,000	9,902-	28,699	47.97- 24.22	March 1984

Source: City of Newport Beach Planning Department.

Existing Homes

Prices for existing owner-occupied housing in Newport Beach have also risen sharply in the last five years, reflecting the increased demand for housing in the Orange County area, and the identification of Newport Beach as one of the most desirable areas in the region. Information available from the Newport Harbor-Costa Mesa Board of Realtors indicates that the median price of existing homes rose by 42% between May 1978 and November 1980. Newport Beach represents only one portion of this real estate area, and approximately one-third of all sales used to determine median prices. While the median sales price of existing housing in the Newport-Costa Mesa area as of November 1980 was \$147,777, the estimated median price of homes selling in Newport Beach is well above this figure. In 1983, the Board reported an average price of \$322,215, exclusive of Corona del Mar. (See Tables 46 and 47.)

These facts demonstrate that the purchase of existing housing within Newport Beach is not possible for a majority of first-time homebuyers. The existing owner-occupied housing market in the city serves persons who are moving up in their housing purchase either from another area of the county or from another neighborhood in Newport Beach. Even for these homebuyers, a housing purchase in the city is probably not possible unless down payments are larger than 20% of the purchase price, and incomes are well above the regional median.

Table 46

MEDIAN SALES PRICES OF EXISTING HOUSING 1978-1980
NEWPORT HARBOR-COSTA MESA REAL ESTATE AREA

	<u>May 1978</u>	<u>May 1979</u>	<u>May 1980</u>
2 Bdrm. or less	\$ 89,500	\$ 88,332	\$134,999
3 Bdrm.	\$ 92,321	\$ 97,856	\$121,905
4 Bdrm.	\$124,615	\$131,111	\$159,999
All Homes	\$104,054	\$108,723	\$128,000
Sample Size	406	319	208

1. Newport Harbor-Costa Mesa Real Estate Area is shown on the following map.

Source: California Association of Realtors Monthly Existing Home Sales Survey.

Table 47

NEWPORT HARBOR/COSTA MESA BOARD OF REALTORS LISTINGS

<u>Newport Beach</u> ¹				<u>Corona del Mar</u>		
<u>1983</u>	<u>Sales</u>	<u>\$ Volume</u>	<u>Average</u>	<u>Sales</u>	<u>\$ Volume</u>	<u>Average</u>
January	14	4,223,900	324,915	4	1,707,000	426,700
February	23	7,976,500	346,800	6	1,495,000	290,000
March	24	7,083,300	321,968	9	3,402,500	425,313
April	30	8,055,400	268,513	8	2,674,000	334,250
May	49	18,455,000	376,633	8	3,092,000	386,500
June	32	10,196,900	318,600	11	4,557,000	414,200
July	38	23,368,200	322,800	8	2,565,000	320,600
August	46	14,505,800	315,300	10	3,904,000	390,400
September	44	14,395,000	327,100	6	2,755,000	459,100
October	34	13,355,500	392,800	10	4,238,000	432,800
November	21	6,815,000	324,500	13	4,274,300	328,700
December	37	9,519,900	257,200	4	1,364,900	341,200
1984						
January	<u>27</u>	<u>8,158,000</u>	302,100	<u>4</u>	<u>2,174,500</u>	543,600
TOTAL	419	135,008,400	322,215	101	38,203,200	378,249
<u>Irvine</u>				<u>Costa Mesa</u>		
<u>1983</u>	<u>Sales</u>	<u>\$ Volume</u>	<u>Average</u>	<u>Sales</u>	<u>\$ Volume</u>	<u>Average</u>
January	2	405,500	202,700	19	2,507,400	131,900
February	7	1,342,000	191,700	25	3,115,000	124,600
March	5	810,000	202,500	29	4,083,900	145,854
April	6	1,212,900	202,150	39	4,794,500	122,936
May	6	1,002,000	167,000	44	5,730,500	130,239
June	8	1,119,500	139,900	43	5,731,900	133,300
July	10	1,864,900	186,400	40	5,938,400	148,400
August	16	3,245,500	202,800	29	3,580,700	123,400
September	4	724,000	181,000	48	6,369,800	132,700
October	5	710,000	142,000	38	5,043,600	132,700
November	4	753,000	188,200	35	4,843,400	138,300
December	9	1,498,500	166,500	33	4,193,600	127,000
1984						
January	<u>3</u>	<u>433,500</u>	144,500	<u>24</u>	<u>4,484,900</u>	145,200
TOTAL	85	15,121,300	177,897	446	59,417,600	133,223

1. Excluding Corona del Mar.

Source: Newport Harbor/Costa Mesa Board of Realtors.

The accessibility of owner-occupied housing in Newport Beach was much broader before 1977. The increase in real estate values throughout Orange County started as early as 1973. However, property values did not begin their dramatic increase until 1976 and 1977. Before 1977, a housing purchase by a first-time home buyer was still possible in Newport Beach.

The actual housing costs of 1980 homebuyers in the city is documented by the 1980 U.S. Census:

Table 48

1980 MONTHLY PAYMENTS FOR OWNER-OCCUPIED HOUSING
CITY OF NEWPORT BEACH

	0- <u>\$149</u>	\$150- <u>\$249</u>	\$250- <u>\$349</u>	\$350- <u>\$449</u>	\$450- <u>\$559</u>	\$600 <u>\$749</u>	750+
No. of Responses	1,091	903	1,324	995	1,137	989	4,150

The median monthly housing payment of owner-occupied households in the city as of 1980 was \$625 per month. Nearly 40% of all owners made housing payments over \$750 per month.

For those owner-occupants in the city who have not sold their homes since 1976, housing payments have remained fixed, while property values have escalated. Households in this category generally have incomes which would not be sufficient to buy their own home at its current market price. Within the city there are a sizeable number of owner-occupant households who are not upper income, but who live in an area where most homes are selling for more than \$200,000.

Many single-family properties in the city are rented units. Regardless of whether such properties have been sold, rents will rise or fall with market demand. The 1980 Census indicated that 4,116 (31.8%) of all rented units in the city were single-family homes (excluding mobile homes).

The City of Newport Beach is often thought of as a community in which only luxury housing for the very wealthy is built. Much of the problem in housing cost stems from the extremely highland values in Newport Beach generated through not a problem unique to Newport Beach but is symptomatic of many if not most coastal communities in Southern California.

One method to compare the types of units (in terms of cost) that are being built in coastal communities independent of land costs is to look at the construction value per unit of new development. The following chart compares the average construction value per multi-family unit in 1983 as reported on building permits issued during that year. The City of Newport Beach is compared with other Orange County jurisdictions and with three coastal communities in other counties. With respect to other Orange County communities, Newport Beach ranked 7th of 23 cities and unincorporated Orange County in the average per unit construction value of multi-family units approved in 1983. Laguna Beach had the highest per unit value at \$80,170, compared to Newport Beach at \$46,800 and all of Orange County at \$41,000. The cities of La Habra, Los Alamitos, Orange, San Clemente, and Westminster also had average per unit multi-family construction values higher than in Newport Beach.

Newport Beach also ranked behind two of three other coastal communities which were chosen for a comparison with Newport Beach because of their similar size or household characteristics. Santa Monica had an average per unit construction value of \$81,900 in 1983, 75% higher than in Newport Beach. Coronado, in San Diego County, had an average per unit construction value of \$105,640, 125% greater than in Newport Beach.

Table 49

AVERAGE CONSTRUCTION VALUE PER MULTI-FAMILY UNIT

<u>Jurisdiction</u>	<u>No. of Units</u>	<u>Construction Value Per Unit</u>
Orange County Unincorporated	832	\$35,790
Anaheim	624	32,670
Brea	24	74,950
Buena park	59	44,160
Costa Mesa	79	44,460
Cypress	4	41,250
Fountain Valley	164	33,225
Fullerton	266	39,900
Garden Grove	142	43,300
Huntington Beach	100	34,170
Irvine	1,398	42,600
Laguna Beach	81	80,170
La Habra	94	54,180
Los Alamitos	65	58,600
Newport Beach	82	46,800
Orange	147	51,370
Placentia	24	32,300
San Clemente	109	50,360
Santa Ana	551	40,590
Stanton	514	39,750
Tustin	16	45,810
Westminster	58	46,860
TOTAL	5,433	\$41,000

Source: Security Pacific National Bank, "California Construction Trends".

Comparison of Newport Beach and three other counties in Southern California:

Table 50

AVERAGE CONSTRUCTION VALUE PER MULTI-FAMILY UNIT

<u>Jurisdiction</u>	<u>County</u>	<u>No. of Units</u>	<u>Construction Value Per Unit</u>
Coronado	San Diego	116	\$105,640
Oxnard	Ventura	65	36,630
Santa Monica	Los Angeles	43	81,900
Newport Beach	Orange	82	46,800

Source: Security Pacific National Bank, "California Construction Trends".

Rental Housing

A survey of Newport Beach rents conducted in January 1981 revealed the following distribution of prices for vacant rentals in the city.

Table 51

MONTHLY RENTAL PRICES AS OF JANUARY 1981
CITY OF NEWPORT BEACH

<u>0-</u> <u>\$199</u>	<u>\$200-</u> <u>299</u>	<u>\$300-</u> <u>399</u>	<u>\$400-</u> <u>499</u>	<u>\$500-</u> <u>599</u>	<u>\$600-</u> <u>699</u>	<u>\$700-</u> <u>799</u>	<u>\$800-</u> <u>899</u>	<u>\$900-</u> <u>999</u>	<u>\$1000+</u>
0	5	15	28	53	62	41	34	20	58
	1.6%	4.7%	8.9%	16.8%	19.6%	13.0%	10.8%	6.3%	18.3%

Median: \$690

Source: Survey of Newport Beach Rental Prices, Connerly & Associates, Inc., 1981.

The median rent for all types of vacant rental housing in the city shown by this survey is \$695. Median rents for houses and apartments by size are shown on Table 53. The median rent reported by the 1980 Census was \$443. It should be noted that the 1981 median rent reflects vacant rentals in the city, while the 1980 median reflects occupied rental properties. Therefore, the 1980 and 1981 medians are not directly comparable. The median for occupied rentals will generally be lower than the median for vacant rentals (by 6.3% in 1980), because long-term tenants usually pay lower rents, and because vacant units are in most cases those experiencing rent increases to reflect market conditions.

In February 1984, a similar survey was conducted in which newspaper listings were examined to estimate rents for vacant units. The average rent asked for apartment units was \$615 (median of \$600). For single-family homes, the average rent asked was \$1,390 (median of \$1,200), and for rooms to rent the average was \$315 (median of \$300). This information is not comparable to the 1980 Census information because it only evaluated advertized rents not actual rents paid. As discovered in 1981 advertized rents are several hundred dollars above the median rent paid.

Real estate professionals in the area note that the traditional rule that rental prices equal 1% of the market value of a unit does not apply to the Newport Beach rental housing market. Rents are closer to 0.5% of the housing unit market value. This is possible because many rental properties, especially duplexes, triplexes, and fourplexes in the older neighborhoods of the city, have been held by the same owner for many years. Rents have risen over time, but not at the same rate as property values. Sale of such rental property is made difficult by the fact that rental incomes usually will not cover the financing costs in purchasing rental property. Conversion of these units to owner-occupied housing is not possible under the city's condominium conversion ordinance.

Table 52

1981 MEDIAN RENTAL PRICES
BY UNIT TYPE

	<u>1 Bd.</u>	<u>2 Bd.</u>	<u>3 Bd.</u>	<u>4-5 Bd.</u>
Rented Houses				
Furnished	\$ 750	\$1200	\$1200	\$1600
Unfurnished	\$ 400	\$ 695	\$ 825	\$1100
Rented Apartments				
Furnished	\$ 425	\$ 550	\$ 700	\$ 750
Unfurnished	\$ 430	\$ 550	\$ 750	\$ 795

Source: Survey of Newport Beach Rental Prices, Connerly & Associates, Inc., 1981. Medians calculated from rental prices of units listed in Orange Coast Daily Pilot January 23, January 30, February 8, February 15, 1981.

Table 53

MEDIAN CONTRACT RENTS BY STATISTICAL AREA - 1980
CITY OF NEWPORT BEACH

<u>Statistical Areas</u>	<u>1980 Median Rent</u> ¹
A1,A2,A3	\$355+
B1,B2,B3,B4,B5	\$411
C1,C2	\$500+
D1,D2,D3,D4	\$387
E1,E2,E3	\$415
F1,F2,F3,F4,F5,F6,F7,F8	\$434+
G1	\$500+
H1,H2,H3,H4	\$385+
J1,J2,J3,J4,J5	\$410+
K1,K2,K3	\$444+
L1,L2,L3,L4	\$500+
M1,M2,M3,M4,M5±	\$463+
City Total	\$437

1. Median figures followed by a "+" indicate approximate median.

Source: 1980 Census.

Mobile Homes

There are presently 985 mobile home spaces in 12 mobile home parks in Newport Beach. Of these 985 spaces, 792 or 80.4% are occupied by permanent residents. The remaining homes are occupied by persons who use their mobile homes for vacations and weekend visits to the area. These parks house 1,236 permanent residents. Space rents range from \$125 to \$850. (See Table 54.)

The character of the city's 12 mobile home parks varies. Six of the parks are located on or close to Newport Harbor. The character of these parks appeals to retirees, and many weekenders. Over seventy percent of all spaces in these parks are occupied by permanent residents. Space rents range from \$125 to \$850 a month, depending on the location of the space in relationship to the bay and the size of the mobile home. One of these parks, Bayside Village, is occupied primarily by retired persons, a large portion of whom have occupied their mobile homes for 15 years or more.

The remaining six mobile home parks are located either in West Newport (Statistical Area B) on the north side of Pacific Coast Highway or in the West Newport Triangle area (Statistical Area A). Space rents in these parks range from \$150 to 359 per month. Many of these mobile homes are older, having been in parks since their development usually in the 1950's or 1960's. Many of the residents of these parks are also older.

For mobile home residents who own their mobile home home and who bought them when interest rates were lower, or who made a cash purchase, housing payments will be affordable on moderate incomes and, in some cases, lower incomes.

Table 54

MOBILE HOME PARKS

	<u>Acres</u>	<u># Spaces</u>	<u>Units/ Acre</u>	<u>Spaces Occupied By Permanent Residents</u>	<u>Number of Permanent Residents</u>	<u>Space Rent Per Month</u>
Bayside Village 300 E. Coast Highway	26.46	291	11.0	262	445	\$243 - \$771
Beach & Bay 7204 W. Coast Highway	1.405	47	33.4	41	70	\$150 - \$300
Cannery Village 700 Lido Park Dr.	1.4	33	24.3	30	55	\$560
Ebb Tide 1560 Placentia	4.16	80	19.2	80	120	\$190 - \$225
Flamingo 7000 W. Coast Highway	.31	20	64.0	20	30	\$180 - \$200
Harbor 1535 Superior	1.92	40	20.8	40	50	\$190 - \$200
Lee Haven 2940 W. Coast Highway	.73	25	34.2	23	34	\$125 - \$250
Lido Mobile Home Park 710 Lido Park Dr.	12.4	214	17.3	96	145	\$405 - \$850
Lido North 701 Lido Park Dr.	.3	6	20.0	6	9	N/A

Table 54 (Con't.)

MOBILE HOME PARKS						
	<u>Acres</u>	<u># Spaces</u>	<u>Units/ Acre</u>	<u>Spaces Occupied By Permanent Residents</u>	<u>Number of Permanent Residents</u>	<u>Space Rent Per Month</u>
Marinapark 1770 W. Balboa Blvd.	4.94	60	12.2	27	42	\$347 - \$409
Newport Terrace 824 W. 15th St.	4.27	55	13.1	55	74	\$290
Seacliff 890 W. 15th Street	9.12	114	12.5	112	162	\$359
TOTAL:	67.415	986	14.6	792	1,236	

Source: City of Newport Beach Planning Department.

Inventory of Land Suitable for Housing

The following tables inventory all major vacant parcels of land within Newport Beach, including land suitable for both residential and non-residential uses, as well as vacant parcels designated as open space with alternate uses, vacant parcels without development potential, and sites with redevelopment potential. This inventory includes a review of the General Plan designations, existing zoning, site areas, estimated buildable acreage, allowable uses and developmental status for each vacant parcel. The information presented here summarizes this study, by listing all vacant residential sites within this inventory. The parcels designated as "vacant residentially designated parcels" and "identified potential redevelopment parcels" are the parcels which the City has determined to be suitable for residential development. Public facilities and services are available to accommodate residential development on each of these sites. More detailed information regarding each of the major vacant parcels of land within Newport Beach is included in Appendix I.

UNDEVELOPED PARCELS¹

<u>Site Number</u>	<u>Parcel</u>
1.	Westbay
2.	Eastbluff Remnant
3.	Newporter North
4.	Castaways
5.	Fifth Avenue Corridor Parcels
6.	Freeway Reservation West -- Big Canyon Area #16
7.	Freeway Reservation East
8.	Caltrans West
9.	Caltrans East
10.	Mobil/Armstrong
11.	Aeronutronic Ford
12.	Bayview Landing
13.	Koll Center
14.	Emkay--Newport Place
15.	Jamboree and MacArthur
16.	San Diego Creek North
17.	North Ford/San Diego Creek South
18.	Newport Dunes
19.	Buck Gully
20.	Newport Center
21.	North Bay (unincorporated)
22.	Irvine Coastal Area (unincorporated)
23.	Mobil/Armstrong (unincorporated)

1. See accompanying UNDEVELOPED PARCELS Map for parcel locations.

UNDEVELOPED PARCELS



SUMMARY OF VACANT LAND

Source: City of Newport Beach Planning Department.

Table 56

VACANT RESIDENTIALLY DESIGNATED PARCELS

<u>Parcel</u>	<u>Site Area (Acres)</u>	<u>General Plan/Zoning Designation</u>	<u>Estimated Buildable Acreage</u>	<u>Estimated Residential Density</u>	<u>Status of Site</u>
Westbay	65.0	Mixed: Low Density Residential; Rec. & Enviro. Open Space/P-C	33.84	40	Non-Committed
Newporter North	88.0	Low Density Residential/P-C	58.24	212	Non-Committed
Castaways	60.0	Low Density Residential/P-C	34.8	151	Non-Committed
Fifth Avenue Parcels	29.2	Rec. & Enviro. Open Space; Low Density Residential/P-C, R-3-B, R-1-B	22.44	228	In Process
Freeway Reservation West -- Big Canyon Area #16	10.9	Medium Density Residential/P-C	8.7	80	Under Construction
Freeway Reservation East	25.0	Low Density Residential/P-C	20.0	76	Non-Committed
Cal Trans West	13.6	Multi-Family Residential/P-C	10.16	152	In Process
Mobil/Armstrong ¹	45.2	Multi-Family Residential/P-C	28.0	406	In Process
North Ford/San Diego Creek South	79.0	Multi-Family Residential/P-C	65.57	888	In Process

Table 56 (Con't.)

VACANT RESIDENTIALLY DESIGNATED PARCELS

<u>Parcel</u>	<u>Site Area (Acres)</u>	<u>General Plan/Zoning Designation</u>	<u>Estimated Buildable Acreage</u>	<u>Estimated Resid. Density</u>	<u>Status of Site</u>
Newport Center ²					
Block #800	7.0	Multi-Family Residential/P-C	5.6	245	Non-Committed
P.C.H. Frontage	12.9	Low Density Residential/P-C	8.2	154 ³	In Process
Newport Village	18.0	Multi-Family Residential/P-C	14.4	208	In Process
TOTAL:	453.8		309.95	2,840	

1. Includes some area in the County of Orange's jurisdiction but within the City of Newport Beach's sphere-of-influence.
2. Newport Center (76.4 residential acres) has the potential for an additional 326 'floating' units -- transferred from other company owned parcels, to be applied to the parcel(s) of the Irvine Company's choosing.
3. Includes 33 units based upon the parcel's density category allotment and 121 applied 'floating' units transferred from other Irvine Company owned parcels (not included in the above footnote's 'floating' units total).

Source: City of Newport Beach Planning Department.

Table 57

VACANT NON-RESIDENTIALLY DESIGNATED PARCELS

<u>Parcel</u>	<u>Site Area (Acres)</u>	<u>General Plan/Zoning Designation</u>	<u>Estimated Buildable Acreage</u>	<u>Status of Site</u>
Castaways	5.0	Rec. & Mar. Comm./P-C	4.0	Non-Committed
Cal Trans East	25.0	Rec. & Enviro. Open Space/U	16.0	Non-Committed
Mobil/Armstrong ¹	30.3	Mixed: Admin., Prof., & Fin. Comm.; Gen. Indus.; Govt., Ed., & Instit. Facil./P-C	25.4	In Process
Aeronutronic Ford	18.6	Gen. Indus./P-C	18.6	Committed
Koll Center	34.7	Admin., Prof., & Fin. Comm.; Ret. and Serv. Comm.; Gen. Indus.; Gov., Ed., & Instit. Facil./P-C	31.23	Committed
Courthouse	7.8	Gov., Ed., & Instit. Facil./P-C	7.02	Committed
Emkay	6.0	Ret. & Serv. Comm.; Admin., Prof., & Fin. Comm.; Gen. Indus./M-1-A, P-C	5.9	Non-Committed
Jamboree and MacArthur	2.0	Gov., Ed., & Instit. Facil., w/Alt. uses of: Ret. and Serv. Comm.; Admin., Prof., & Fin. Comm./U	1.8	Non-Committed
San Diego Creek North	12.0	Gov., Ed., & Instit. Facil., w/Alt. use of: Ret. and Serv. Comm./U	10.8	Non-Committed
North Ford/San Diego Creek South	39.0	Admin., Prof., & Fin. Comm.; Ret. and Serv. Comm.; Rec. & Enviro. Open Space/P-C	35.1	In Process

Table 57 (Con't.)

VACANT NON-RESIDENTIALLY DESIGNATED PARCELS

<u>Parcel</u>	<u>Site Area (Acres)</u>	<u>General Plan/Zoning Designation</u>	<u>Estimated Buildable Acreage</u>	<u>Status of Site</u>
Newport Center				
Block #600	10.0	Admin., Prof., & Fin. Comm.; Rec. & Enviro. Open Space/O-S, COH	9.0	Committed
Corporate Plaza	14.8	Admin., Prof., & Fin. Comm.; Rec. & Enviro. Open Space/O-S, P-C	13.32	Committed
Corporate Plaza West	10.0	Ret. and Serv. Comm., w/Alt. use of: Admin., Prof. Fin. Comm.; Rec. & Enviro. Open Space/O-S, P-C	9.0	Non-Committed
TOTAL:	215.2		187.17	

1. Includes some area in the County of Orange's jurisdiction but within the City of Newport Beach's sphere-of-influence.

Source: City of Newport Beach Planning Department.

Table 58

VACANT PARCELS DESIGNATED "OPEN SPACE WITH ALTERNATE USE"

<u>Parcel</u>	<u>Site Area (Acres)</u>	<u>General Plan/Zoning Designation</u>	<u>Estimated Buildable Acreage</u>	<u>Status of Site</u>
Lower Bayview Landing	4.6	Rec. & Enviro. Open Space, w/Alt. use of: Low Density Residential/U	0	Non-Committed
Buck Gulley	49.07	Rec. & Enviro. Open Space, w/Alt. use of: Low Density Residential/R-1-B	0	In Process
	<hr/>		<hr/>	
TOTAL:	53.67		0	

Source: City of Newport Beach Planning Department.

Table 59

VACANT PARCELS WITHOUT DEVELOPMENTAL POTENTIAL

<u>Parcel</u>	<u>Site Area (Acres)</u>	<u>General Plan/Zoning Designation</u>	<u>Estimated Buildable Acreage</u>	<u>Status of Site</u>
Eastbluff Remnant	8.0	Rec. & Enviro. Open Space/R-3-B	0	Committed
Buck Gully	49.07	Rec. & Enviro. Open Space, w/Alt. use of: Low Density Residential/R-1-B	0	In Process
Bay View Landing	19	Rec. & Enviro. Open Space; (lower site) Rec. & Enviro. Open Space, w/Alt. use of: Low Density Residential/U	0	Non-Committed
	<hr/>		-	
TOTAL:	76.07		0	

Source: City of Newport Beach Planning Department.

Table 60

IDENTIFIED POTENTIAL REDEVELOPMENT PARCELS

<u>Parcel</u>	<u>Site Area (Acres)</u>	<u>General Plan/Zoning Designation</u>	<u>Estimated Buildable Acreage</u>	<u>Estimated # of Units</u>	<u>Status of Site</u>
C.D.M. Elementary School	5.2	Govt., Ed., & Instit. Facil./P-C	3.1	40	Committed
TOTAL:	5.2		3.1	40	

Source: City of Newport Beach Planning Department.

ENERGY CONSERVATION OPPORTUNITIES

The City of Newport Beach is fully enforcing the provisions of Title 24 of the California Administrative Code, which provides for energy conservation in new residences. The standards found in Title 24 create energy savings of approximately 50% over residential construction practices utilized prior to the Standards' enactment.

The building department of the city evidences an awareness of energy conserving design innovations and solar technology. The department utilizes the Solar Systems Code Review Manual and its companion document, the Pool and Spa Solar Systems Code Review Manual, both published by the International Conference of Building Officials (ICBO) to facilitate the installation of appropriate solar systems.

Under the existing state law (the California Resources Code), local jurisdictions may adopt structural energy conservation standards in excess of the existing state standard. In the moderate climate of the City of Newport Beach, such an increase in standards would be of dubious value. Additionally, it should be noted that increases in conservation standards generally increase homebuyers' costs and will therefore exacerbate the existing housing affordability concern.

The City of Newport Beach has a relatively small remaining amount of land available for residential development. As such, land use standards which would require proper orientation of subdivisions to take advantage of solar energy would be of limited value. The city may wish to explore this option; however, care should be taken to insure that densities, and therefore affordability, are not unduly affected.

A major concern in the area of energy conservation is the relationship of housing to employment and the necessary transportation lines between them. While specific energy savings are difficult to quantify because of the myriad of variables involved in our transportation system, it is generally true that a physical proximity between home and work provides transportation energy savings. With regard to Newport Beach, the existing affordability concern increases energy use by forcing workers employed within the city to seek less expensive housing outside of the city. Again, it should be noted here that the relatively small amount of remaining land for residential development cannot in itself mitigate this concern. The jobs/housing imbalance in the city cannot be expected to be totally mitigated by residential development within the city.

With regard to other "alternative" energy sources, it should be noted that Newport Beach is not in an area of either geothermal¹ or significant wind² activity and, therefore, cannot take advantage of these sources.

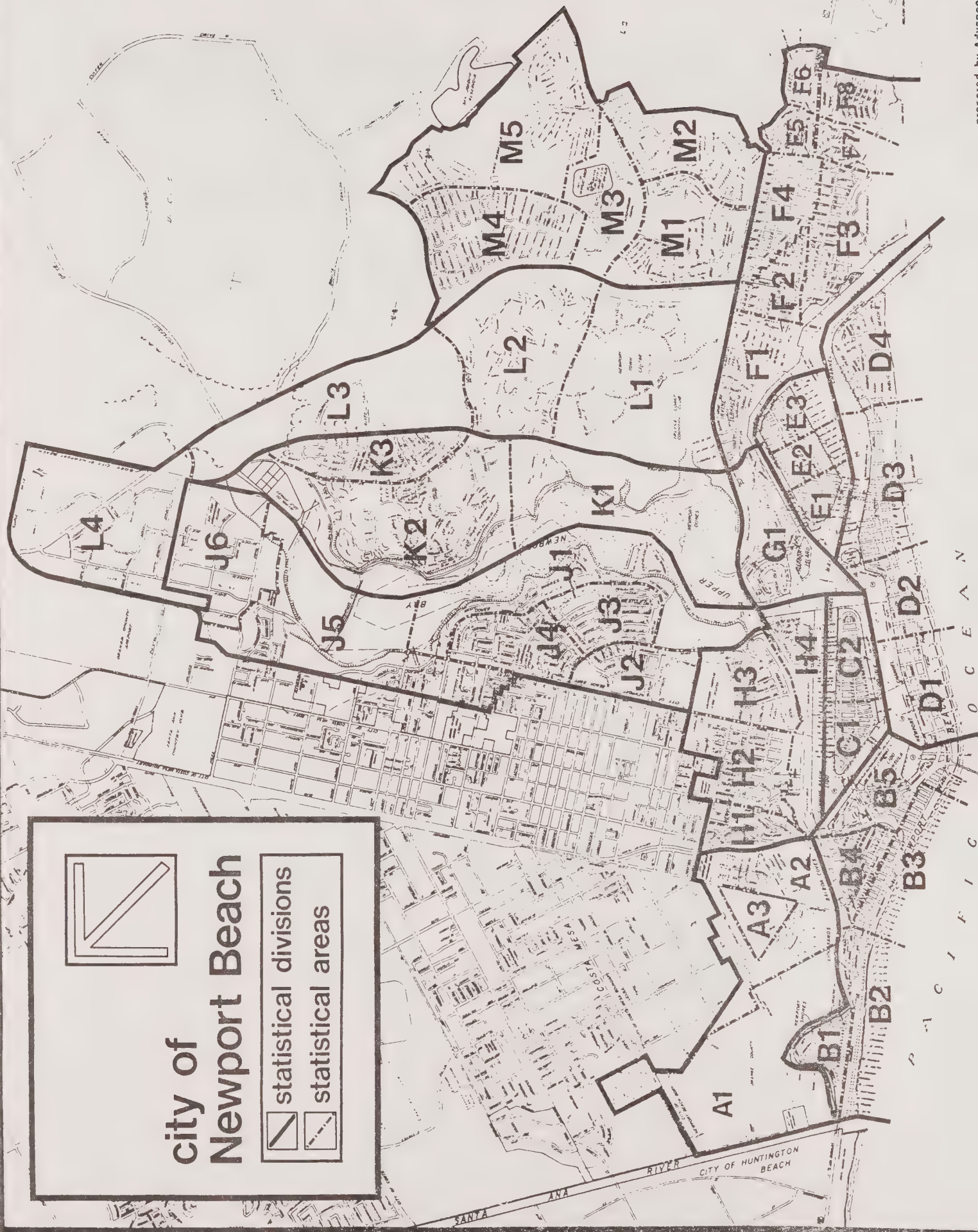
It appears that the city, through the enforcement of Title 24 and by its sensitivity to innovative design is making excellent use of residential energy conservation opportunities.

-
1. California Energy Commission, Geothermal Energy Resources in California: Status Report, June 1976.
 2. California Energy Commission.



city of Newport Beach

-  statistical divisions
-  statistical areas



STATISTICAL AREA ANALYSIS

In the following section of this Housing Element, the 12 neighborhood areas within the City of Newport Beach are examined in closer detail. Various information on housing costs, housing unit types, and household characteristics are discussed individually for these geographic areas within the city. Statistical divisions which form the basis for this analysis are shown on the map provided. This discussion is followed by Tables 61 to 68 which summarize housing information by statistical area. Neighborhood information is based on 1980 Census data unless otherwise indicated.

STATISTICAL AREAS A1, A2, A3

BANNING PROPERTY, HOAG HOSPITAL AREA, WEST NEWPORT TRIANGLE

Statistical Area A contains a mix of industrial, commercial, and office uses, as well as a diversified housing stock. Of all residential units, some 30% are single-family, 45% are multi-family, and 14% are mobile homes. Group quarters in the area are convalescent facilities near Hoag Hospital.

In 1980, the average household size in this area was 1.76, the smallest in the city. A majority of households are either couples with no children or single-person residences. The area houses relatively few students (5.1%) and a high percentage of residents over 65 (20%). Many residents are employed by the area's medical facilities; in this respect, the area may have the most closely matched employment/housing land use in the city.

The median income for the area in 1980 was only two-thirds of the city median and the lowest of the neighborhood median incomes. The median price of owner-occupied housing in Statistical Area A is among the lowest in the city. This is attributable to the supply of mobile homes, as well as condominiums selling for \$95,000 to \$140,000. Between 1976 and 1980, the housing stock in this area increased by 13.3%. New housing has generally been condominiums selling for \$100,000 to \$200,000. Median rent was also well below the city median, by about 20%.

The area has potential for further residential development. The Banning property, at present an unincorporated area of Orange County, consists of 450 acres. The city's Specific Area Plan for the Banning Property includes development of either a harbor or residential uses, with associated retail and service commercial, recreational, and open space development.

Much of the residential land in Statistical Area A3 is developed in mobile home parks at densities which are less than the 20 unit per acre maximum established by the City at the time Area A3 was annexed. Public action may be required if these sites are to be preserved in their present use.

STATISTICAL AREAS B1, B2, B3, B4, B5
WEST NEWPORT

West Newport, together with Balboa Peninsula and Balboa Island, makes up the area of older, more densely developed beach neighborhoods in the city. Housing types are predominantly single-family units and duplexes on small lots, and are predominantly rental housing (56.8%).

The 1980 average household size in West Newport was less than the city average. The majority of households are couples without children, single-person residences, or unrelated persons sharing housing expenses. Along with Balboa Peninsula and Balboa Island, West Newport in 1980 had one of the three highest concentrations of student residents and one of the three lowest median incomes of city neighborhoods.

Unlike Balboa Island and Balboa Peninsula, prices for ownership housing are below the city median. Housing demand is less here because the area does not have the aesthetic appeal of the other two beach neighborhoods, and because housing structures are more uniform.

Many of the residents in West Newport are employed by the city's retail and service commercial facilities; thus, the area provides a reasonable match between local housing and employment opportunities.

No vacant developable land remains in West Newport. The existing net density in the area is 20 units per acre.

STATISTICAL AREAS C1, C2
LIDO ISLAND

Lido Island is a fairly homogeneous residential neighborhood of approximately 820 households. The predominant housing type is single-family. Average household size (2.51) as well as incidence of married-couple households (61%) on Lido Island is substantially higher than in surrounding beach neighborhoods. The area's 1980 median income was the third highest of the city's 12 statistical areas. Finally, 80.7% of all housing is owner-occupied, by far the highest percentage in the city.

Because the area is fully developed and stable, no new construction is expected. However, redevelopment of existing older homes occurs on a regular basis.

STATISTICAL AREAS D1, D2, D3, D4
BALBOA PENINSULA

In 1980, Balboa Peninsula had the second lowest median income in the city, slightly above Area A. The highest incidence of substandard housing and the highest percentage of rental housing (58.6%) are found in this neighborhood. This is not an indication of marked deterioration but of the attraction and availability of the area to a variety of population segments. These include students (10.7%), long-time residents who bought on the peninsula when housing

was very affordable, and seasonal visitors. Household size in this neighborhood, like Balboa Island and West Newport, is below the city average.

The growing attraction of the peninsula contributes to the rising prices of ownership housing. The median list price of housing for sale in early 1981 was well over \$400,000. Rental prices, however, were below the city median in 1976.

Balboa Peninsula is fully developed with no vacant and developable land remaining; existing net density in this area is 20 units per acre. The character of households in the neighborhood is expected to change in the next ten years, as older residences of greatly appreciated value are sold to higher-income buyers.

STATISTICAL AREAS E1, E2, E3

BALBOA ISLAND

Balboa Island is predominantly residential, with 50% of all housing being single-family and 46% duplex. The average net density on the island is 25 dwelling units per acre.

Like West Newport and Balboa Peninsula, Balboa Island houses a large concentration of students (15.0%). As in these other neighborhoods, the median income is among the lowest in the city, rental housing is plentiful (61.4%) and substandard housing is present (2.5%).

Housing prices are slightly higher than those on Balboa Peninsula; however, the median rent in 1980 was below the city median by about 12%. As turnover of owner-occupied housing on Balboa Island occurs, higher-income residents will replace present moderate-income homeowners.

STATISTICAL AREAS F1, F2, F3, F4, F5, F6, F7, F8

CORONA DEL MAR

The Corona del Mar area contains both older neighborhoods (F2, F3, F4) and newer neighborhoods developed since 1965. Old Corona del Mar contains a mixture of single-family homes (49%) and duplexes (27%) developed at a net density of 16 dwelling units per acre; while newer sections of this area are developed at lower densities and are predominantly single-family neighborhoods.

Household characteristics vary between the new and older sections of Corona del Mar. Old Corona del Mar houses families which are smaller in size than the city average. The predominant household types are single-person residence (33%) and couples without children (27%). Household sizes in newer areas of Corona del Mar are larger than the city average, and the predominant household types are couples without children and two-parent families.

Owner-occupied housing in Corona del Mar has traditionally been higher in price than in the city as a whole. The median rents in 1980, on the other hand, are close to the city median. The area as a whole has a balanced mix of rental (48%) and owner-occupied housing (52%).

Corona del Mar contains one of the highest concentrations of residents over 65 years of age than the city as a whole. The median income in 1980 was higher than the city median.

There are no large vacant parcels within this neighborhood.

STATISTICAL AREA G1

PROMONTORY POINT AND BAYSIDE DRIVE AREA

This area of the city contains a diverse and relatively new housing stock. Forty-five percent of all units are multi-family; 35.2% are single family; and 24.3% are duplex, triplex, and fourplex. All units, as of 1980, were in sound condition.

Household size in this area in 1980 was one of the lowest in the city at 1.93 persons per household. The most common household type is the childless couple (44%), followed by single-person residences (40%). The median income of the area in 1980 was the fourth highest of the 12 statistical areas in the city.

The large supply of rental housing, primarily Promontory Point Apartments, in 1980 was among the highest priced in the city. Owner-occupied housing along the harbor is also the most highly priced in the city.

There are no vacant parcels which could accommodate substantial new development.

STATISTICAL AREAS H1, H2, H3, H4

MARINER'S MILE, NEWPORT HEIGHTS, CLIFFHAVEN

Statistical Area H contains the oldest inland single-family neighborhood in the city (H1 and H2); the housing stock is therefore older and contains a greater degree of deficiencies (2.6% in 1976) than the city as a whole. The entire area continues to be predominantly single-family (67%), although some multi-family projects contribute to the rental housing stock (33.0%). Owner-occupied housing is among the lowest priced in the city, as are median rents.

This area has experienced a reduction in household population in the last decade as child rearing households experience the "empty nest" syndrome. The average household size is now similar to the City-wide average. The most common household type in 1980 was couples without children (34%), along with single-person residents (27%). The area has a high concentration of elderly residents (13.7%) and a median income which is about \$1,000 less than the city median in 1980.

Statistical Area H is fully developed. While some of the medium and higher density areas are developed in single-family housing, market conditions are not likely to induce any higher intensity private redevelopment.

STATISTICAL AREAS J1, J2, J3, J4, J5, J6
WESTCLIFF, DOVER SHORES, BAYCREST, AND SANTA ANA HEIGHTS

Most of the residential land in Area J is developed in new single-family neighborhoods at three to five dwelling units per acre. However, several multi-family projects on the west side of Area J add a sizeable portion of rental housing to the area: 46.7% of the housing stock in 1980 was rental housing.

This area is the only one in the city which gained in household size between 1976 and 1980. Two-parent families predominate in the single-family neighborhoods, while single-person households are most common in multi-family dwellings.

The median income in 1980 in Area J was over \$2,500 above the city median. The median listed housing prices in 1981 for this real estate district was \$250,000. The newest development in this area contains 2,500 to 3,300 square foot single-family dwellings selling for \$340,000 to \$445,000.

Santa Ana Heights (J6) is an unincorporated area of the county which is not included in the above statistical information. The area is developed in residential-agricultural uses.

Area J contains two of the largest developable vacant parcels within the city. These two sites, West Bay (71 acres) and Castaways (65 acres) are adjacent to Upper Newport Bay. Low density residential development at four units per acre is the designated land use for the Castaways site. The West Bay parcel will include recreational open space as well as low density residential development.

A third vacant parcel in Area J, North Bay (81 acres), is in the unincorporated area adjacent to the city. A combination of open space and residential development has been proposed for this site.

STATISTICAL AREAS K1, K2, K3
BLUFFS, EASTBLUFF, PARK NEWPORT

Area K is divided into three distinct newer residential developments: Eastbluff (K3) is a 456-unit, single-family subdivision built at four units to an acre; the Bluffs (K2) is a large condominium development with a density of ten units to an acre; and Park Newport is a 1300+ unit rental project built at 24.5 units to an acre. Area K1 also contains a 292-unit mobile home park. The area is equally divided between rental and owner-occupied housing.

The average household size for Area K is well below the city average, due to the predominance of single-person residences and couples without children in Areas K1 and K2. K3 contains a large number of two-parent families.

The median income for Area K was below the city median in 1980. The area contains a large concentration (17.3% in 1980) of elderly residents.

Area K can accommodate additional residential development on an 88-acre site (Newporter North) designated for low density residential development. A smaller 25-acre site at Pacific Coast Highway and Jamboree may also accommodate limited residential development.

STATISTICAL AREAS L1, L2, L3 L4
NEWPORT CENTER, BIG CANYON

Area L contains most of the city's commercial, office, and industrial land uses within Koll Center (L4), Ford Aeronutronic Center (L3), and Newport Center (L1). The 1600+ residential units in the area were among the highest priced in the city. The residential population of Area L in 1980 had the highest median income in the city.

Area L2, Big Canyon, is the only predominantly residential area in Statistical Area L. Most of this area has been developed in single-family residences.

Present residential development in Newport Center consists of a 67-unit medium density condominium project. A 132-unit condominium project is being built on 26 acres in the southwest corner of Newport Center: projected sales prices will begin at \$500,000 per unit. The city's long-range plan includes the possibility of developing 933 additional residential units within Newport Center.

Residential development has also been planned within the Ford Aeronutronic Center. Four hundred and thirty units are approved for 114.3 acres: projected sales prices for the completed units range from approximately \$120,000 to \$1,700,000 per unit.

One remaining vacant site within L3 will accommodate additional residential development: this is the North Ford Site, consisting of 79 acres with an approved 888 unit development. Vacant parcels are present north of this site and within Koll Center; however, all have been designated for uses other than residential development.

STATISTICAL AREAS M1, M2, M3, M4, M5
HARBOR VIEW HILLS, SPYGLASS, JASMINE CREEK

Statistical Area M is largely residential, developed in low-density, hillside neighborhoods. The area contains nearly 77% owner-occupied homes. The predominant household type is the married-couple family, 67% in 1980. In 1980, statistical Area M had the largest household size in the city.

The median income in this area was the second largest of the city's 12 statistical areas in 1980. Housing prices were also among the highest in the city.

This area experienced a 25% gain in residential development between 1976 and 1980. Various vacant parcels designated for additional low density residential development total approximately 80 acres and could accommodate the construction of close to 300 additional residential units.

Table 61

POPULATION BY STATISTICAL AREA
CITY OF NEWPORT BEACH

Statistical Areas	Total Population, ¹		Group Quarters Population, ¹		Household Population	
	1976	1980	1976	1980	1976	1980
A1, A2	2,011	3,718	280	434	1,761	3,284
B1, B2, B3, B4, B5	7,992	7,657	9	0	7,983	7,657
C1, C2	2,138	2,062	0	0	2,138	2,062
D1, D2, D3, D4	5,553	5,155	3	59	5,550	5,096
E1, E2, E3	4,015	3,730	0	0	4,015	3,730
F1, F2, F3, F4, F5, F6, F7, F8	8,866	8,287	6	0	8,860	8,287
G1	1,173	1,622	0	0	1,173	1,622
H1, H2, H3, H4	4,934	4,747	6	2	4,928	5,380
J1, J2, J3, J4, J5	8,992	7,954	0	0	8,992	7,964
K1, K2, K3	7,250	6,862	5	0	7,245	6,362
L1, L2, L3, L4	1,456	1,633	0	0	1,456	1,633
M1, M2, M3, M4, M5	8,697	10,018	0	0	8,697	10,018
CITY TOTAL	63,101	63,445	309	495	62,792	62,950

1. Includes West Newport Triangle, which was outside the city limits at the time of the 1980 Census.

Source: 1976 Special Census for Newport Beach and 1980 Census.

Table 62

NUMBER OF HOUSEHOLDS AND HOUSEHOLD SIZES
BY STATISTICAL AREA
CITY OF NEWPORT BEACH

Statistical Areas	Number of Households ¹		Average Population per Household	
	1976	1980	1976	1980 ¹
A1, A2	899	1,871	1.96	1.74
B1, B2, B3, B4, B5	3,533	3,538	2.26	2.16
C1, C2	799	820	2.68	2.51
D1, D2, D3, D4	2,548	2,438	2.18	2.09
E1, E2, E3	1,826	1,815	2.20	2.04
F1, F2, F3, F4, F5, F6, F7, F8	3,999	3,986	2.22	2.09
G1	557	841	2.11	1.93
H1, H2, H3, H4	2,012	2,061	2.45	2.29
J1, J2, J3, J4, J5	3,724	3,461	2.41	2.31
K1, K2, K3	3,389	3,450	2.14	1.99
L1, L2, L3, L4	528	666	2.76	2.46
M1, M2, M3, M4, M5	2,741	3,469	3.17	2.88
Total	26,553	28,416	2.36	2.21

1. Includes West Newport Triangle, which was outside the city limits at the time of the 1980 Census.

Source: 1976 Special Census for Newport Beach and 1980 U.S. Census.

Table 63

HOUSEHOLD TYPES
BY STATISTICAL AREA
CITY OF NEWPORT BEACH

Statistical Areas	1976 Total House- holds	Single- Parent Family	Childless Couple	Single- Person Residence	Large Families
A2, A3	1,871	138	812	896	6
B2, B3, B4, B5	3,538	235	621	1,074	30
C1, C2	820	---	---	172	15
D1, D2, D3, D4	2,438	312	559	885	23
E1, E2, E3	1,815	126	402	689	17
F2, F3, F4	3,986	402	559	1,313	37
G1	841	40	324	338	12
H1, H2, H3	2,061	196	568	550	33
J1, J2, (Part) J5	3,461	138	414	1,176	96
K1, K2	3,450	175	917	1,320	35
L1, L2, L3, L4	666	27	348	136	23
M1, M3, M4, M5	3,469	286	911	504	123
City Total	28,416	2,921	8,184	9,053	461

1. Information for some neighborhoods is unavailable because of partial suppression of data; therefore, neighborhood totals do not add up to city totals.
2. Childless couples refer to married couple families without children 18 years or younger living at home.
3. Six more related individuals, this is a subset of other household types and is not calculated in the total.

Source: 1980 Census for Newport Beach, includes West Newport Triangle.

Table 64

1980 POPULATION BY STATISTICAL AREA
CITY OF NEWPORT BEACH

Statistical Areas	Median Income	% of All Households Which are Low- or Moderate- Income Households
A1, A2	\$19,610	44.6%
B1, B2, B3, B4, B5	\$24,705	28.4%
C1, C2	\$41,552	16.3%
D1, D2, D3, D4	\$19,960	46.0%
E1, E2, E3,	\$20,123	45.3%
F1, F2, F3, F4, F5, F6, F7, F8	\$33,340	33.2%
G1	\$37,022	19.9%
H1, H2, H3, H4	\$26,595	34.6%
J1, J2, J3, J4, J5	\$30,191	28.9%
K1, K2, I3	\$25,396	35.2%
L1, L2, L3, L4	\$51,713	7.6%
M1, M2, M3, M4, M5	\$42,842	16.4%
City Total	\$27,516	32.4%

1. Defined as a household income which is below 80% of the area median household income.
(1980 Orange County median income was \$22,557. 80% x 22,557 = \$18,046)

Source: 1980 Census for Newport Beach.

Table 65

1980 SPECIAL POPULATION GROUPS
BY STATISTICAL AREA
CITY OF NEWPORT BEACH

Statistical Areas	Population Age 65 and Over		Students Enrolled in College		Handicapped ¹	
	#	%	#	%	#	%
A1, A2	742	19.6%	448	12.0%	50	1.3%
B1, B2, B3, B4, B5	514	6.7%	1,415	18.5%	121	1.6%
C1, C2	286	13.9%	219	10.6%	7	0.3%
D1, D2, D3, D4	607	11.8%	811	15.7%	134	2.6%
E1, E2, E3	476	12.8%	866	23.2%	42	1.1%
F1, F2, F3, F4, F5, F6, F7, F8	1,151	13.9%	885	10.7%	196	2.4%
G1	167	10.3%	154	9.5%	50	3.1%
H1, H2, H3, H4	649	13.7%	518	10.9%	94	2.0%
J1, J2, J3, J4, J5	894	11.2%	880	11.1%	137	1.7%
K1, K2, K3	1,190	18.7%	601	9.4%	180	2.6%
L1, L2, L3, L4	247	15.1%	176	10.8%	33	2.0%
M1, M2, M3, M4, M5	606	6.0%	870	8.7%	134	1.3%
Remainder of Area			6	10.3%		
City Total	7,529	11.9%	7,849	12.4%	1,178	1.9%

1. Defined here as those individuals 16 and over with a public transportation disability.

Source: 1980 Census for Newport Beach.

Table 66

CITY OF NEWPORT BEACH
COMMUNITY PROFILE BY CENSUS TRACT

ETHNICITY	<u>0620.10^P</u>	<u>0626.17^P</u>	<u>0626.18^P</u>	<u>0627^P</u>	<u>0628</u>	<u>0629</u>	<u>0630.01^P</u>	<u>0630.04</u>	<u>0630.05</u>
TOTAL*	31	3935	6678	7692	5155	2062	7362	5393	1622
White	31	3859	6450	7557	5022	2021	7133	5251	1591
Black		7	4	10	13	1	39	10	7
Nat. Amer.		3	12	16	22	11	5	20	1
Asian/Pac		46	156	62	34	12	123	66	12
Other		20	56	47	64	17	62	46	11
Spanish origin	1	58	151	180	170	62	146	116	25
AGE									
62 Years+		545	404	1281	742	378	1121	1421	223
PERSONS BELOW POVERTY LEVEL									
Persons 65+		85 15	221 6	550 69	552 74	81 12	380 43	41 70	57 10
Families 65+		16	48	64 6	72 5	15	58 6	58	10 10
Female HH w/ children			11 4	25 25	53 53	16 9	8 8	42 16	33 33
INCOME STATUS									
Low Income		113	235	732	533	98	531	600	120
Very Low		166	245	912	810	87	712	796	109
FEMALE-HEADED HOUSEHOLDS									
Female HH 1 w/ children	1	78 52	210 158	336 199	197 109	64 23	188 88	265 124	30 9

Table 66 (Con't.)

CITY OF NEWPORT BEACH
COMMUNITY PROFILE BY CENSUS TRACT

ETHNICITY	<u>0630.06</u>	<u>0630.07</u>	<u>0630.08</u>	<u>0631.01^P</u>	<u>0631.03^P</u>	<u>0634</u>	<u>0635^P</u>	<u>0636.01</u>	<u>0636.03^P</u>
TOTAL*	3730	3009	111	9	592	4747	6074	559	3795
White	3620	2897	110	9	579	4633	5853	543	3683
Black	4	7				6	24	5	7
Nat. Amer.	5	9			6	22	17		14
Asian/Pac	55	44	1		5	57	77	5	50
Other	46	52			2	29	103	6	41
Spanish origin	79	73	1		20	150	301	31	137
AGE									
62 Years+	581	341	74		44	813	598	12	618
PERSONS BELOW POVERTY LEVEL									
Persons	515	111			24	247	671	86	235
65+	26	12			12	17	34		14
Families	29	24			7	45	33	13	37
65+					7				
Female HH		14	6			19	6	13	18
w/ children		5	6			12	6	13	12
INCOME STATUS									
Low Income	304	108	5		13	345	581	83	242
Very Low	641	96	11		24	530	734	33	416
FEMALE-HEADED HOUSEHOLDS									
Female HH	145	63			9	168	190	45	166
w/children	79	43			5	90	98	43	86

p = partial; entire census tract is not located within city boundaries

* = columns may not add to total due to partial suppression of data

Table 67

RELATIONSHIP OF HOUSEHOLD EXPENSE PATTERNS
AND MEDIAN INCOMES BY STATISTICAL AREA IN NEWPORT BEACH

<u>Neighborhood Statistical Area</u>	<u>HH</u>	<u>1979 Median HH Income</u>	<u>Median Contract Rent</u>	<u>Median Home Value</u>
1	261	\$25,045	\$500+	\$125,000
2	1,610	18,119	338	98,300
3	635	28,529	492	147,500
4	2,311	24,766	446	200,000+
5	592	20,370	359	200,000+
6	820	41,552	500+	200,000+
7	1,817	17,662	368	200,000+
8	621	26,801	489	200,000+
9	1,815	20,123	415	200,000+
10	459	49,087	500+	200,000+
11	930	23,641	437	200,000+
12	662	43,626	449	200,000+
13	841	37,022	500+	200,000+
14	1,646	23,934	349	104,300
15	415	37,151	500+	200,000+
16	1,085	18,048	395	45,000
17	779	45,929	500+	200,000+
18	308	12,500	169	178,800
19	1,573	21,170	446	200,000+
20	1,115	29,493	500+	175,600
21	454	38,722	500+	200,000+
22	64	27,500	500+	200,000+
23	183	60,181	500+	200,000+
24	171	45,811	445	200,000+
25	133	52,792	500+	200,000+
26	97	18,703	477	195,000
27	144	43,048	500+	200,000+
28	61	50,723	500+	200,000+
29	518	31,959	442	200,000+
30	145	22,444	430	200,000+
31	237	19,082	428	181,700
Remainder of City		43,630	375	-
City Total	22,502	\$27,516	\$462	\$200,100

Source: U.S. Census Bureau.

Table 68

HOUSING TENURE
BY STATISTICAL AREA
CITY OF NEWPORT BEACH

Statistical Areas ⁵	1980 Occupied Units ¹		1980 Rental Vacancy Rate	1980 Ownership ¹ Vacancy Rate
	% Rented	% Owned		
A1, A2	48.6%	51.4%	6.5%	14.0%
B1, B2, B3, B4, B5	63.2%	36.8%	8.2%	3.1%
C1, C2	17.4%	82.8%	13.3%	2.7%
D1, D2, D3, D4	60.2%	39.8%	7.7%	3.3%
E1, E2, E3	61.0%	39.0%	4.3%	2.7%
F1, F2, F3, F4, F5, F6, F7, F8	48.0%	52.0%	4.6%	4.5%
G1	67.7%	32.3%	7.8%	3.5%
H1, H2, H3, H4	32.5%	63.5%	2.8%	1.6%
J1, J2, J3, J4, J5	43.3%	56.7%	15.6%	3.2%
K1, K2, K3	50.4%	49.6%	3.7%	1.9%
L1, L2, L3, L4	27.9%	72.1%	5.6%	5.3%
M1, M2, M3, M4, M5	23.5%	76.5%	2.5%	4.5%
Remainder of Area	78.9%	21.1%	0.0%	0.0%
City Total	47.0%	53.0%	6.8%	4.1%

1. Vacancy rate is defined here as the number of available vacant units in each category divided by the sum of the occupied and available units in each category.

Source: 1980 Census.

Table 69
HOUSING UNITS BY STATISTICAL AREA
January 1984

Area	Single Family	Duplex	Triplex	Fourplex	5+ du/lot	Mobile Home	Group	Total
A1	166	8	3	48	55			280
A2	688	4	3	4	429	81	5	1214
A3	4				513	209		726
A	858	12	6	52	997	290	5	2220
B1	459	122			23	67		671
B2	210	438	27	4	54			733
B3	252	752	47	8				1059
B4	407	499	18	8	29			961
B5	258	158	25	20	106	251		818 +10 misc.
B	1586	1969	117	40	212	318	0	4242 +10 misc.
C1	295	46	54		26			421
C2	500	2						502
C	795	48	54		26			923
D1	208	225	103	73	85	60		754
D2	246	181	54	24	6			511 +2 misc.
D3	432	336	110	48	228			1154 +2 misc.
D4	559	49	17	12	24			661
D	1445	791	284	157	343	60	0	3080 +4 misc.

Table 69 (Con't.)

HOUSING UNITS BY STATISTICAL AREA

Area	Single Family	Duplex	Triplex	Fourplex	5+ du/lot	Mobile Home	Group	Total
E1	299	312	25	16	13			665 +1 misc.
E2	296	538	9					843
E3	402	290	17	5				714
E	997	1140	51	21	13			2222 +1 misc.
F1	409	4		33	45			491 +14 misc.
F2	419	362	27	14				822
F3	550	229	124	17	146			1066
F4	650	573	30	4				1257
F5	169	34	72		6			281
F6	142							142
F7	143							143
F8	176							176
F	2658	1202	253	68	197		0	4378 +14 misc.
G	303	108	24	116	479			1030 +12 misc.
H1	277	80	12	4	6			379
H2	688	20	3		69			780 +1 misc.
H3	310	30	93	52	30			515
H4	258				228	25		511
H	1533	130	108	56	333	25	0	2185 +1 misc.
J1	398							398
J2	217	32	6	52	1671			1978
J3	459							459

Table 69 (Con't.)

HOUSING UNITS BY STATISTICAL AREA

Area	Single Family	Duplex	Triplex	Fourplex	5+ du/lot	Mobile Home	Group	Total
J4	630							630
J5	417	2						419
J6	U N I N C O R P O R A T E D							
J	2121	34	6	52	1671	0		3884
K1	1	18		32	1255	291	1597 +14 misc.	
K2	1328	18	6	32	134			1518
K3	456							456
K	1785	36	6	64	1389	291	0 3571 +14 misc.	
L1	7	4	9	36	61			117
L2	578	6		36	32			652
L3	90	32						122
L4	7			4				11
L	682	42	9	76	93			902
M1	585			120				705
M2	488							488
M3	42		3	88	501			634
M4	1043							1043
M5	876	48						924
M	3034	48	3	208	501			3794
Total	17797	5560	921	910	6254	984	5	32431

Total DU Incorporated + 56 misc.
32487

Source: U.S. Census Bureau, 1976 Special Census for Newport Beach; supplemented by Building Permits from the City of Newport Beach.

II. HOUSING NEEDS ASSESSMENT

CITY DEMAND/SUPPLY ANALYSIS

The principal factor to be considered in formulating a local housing policy/strategy is that of need. Unfortunately, however, the "state of the art" of measuring housing need is quite primitive. The primary reasons for this situation are as follows: 1) existing data are often unreliable or out-of-date; 2) original data is difficult to obtain because of its cost or because of inadequate cooperation from data sources - collectors and consumers; 3) the devices currently available for collecting data essential to public policy-making do not lend themselves to accurate forecasts; and 4) housing need is as much a political determination as it is a planning exercise.

Another factor which frustrates local assessment of housing need is that of inconsistent interpretation of housing affordability indices on the part of governmental agencies - federal, state, and regional - and private market institutions. The most visible discrepancy is generally found in the gross income/housing expense ratio applied to housing consumers. For example, a governmental agency may employ one income standard, while private loan underwriters and landlords utilize a much higher figure. However, the federal government and many private lenders have moved toward a 30% standard affordability.

In the final analysis, the most reliable barometer for measuring need is the determination of what housing consumers are willing to pay for residential facilities. If housing consumers elected, clearly as a matter of choice, to allocate 50% of their gross income toward housing, there would not be a housing "need" in most communities, from a market perspective. There would be a need, however, from a governmental view, because housing public policy is based on the premise that there are definable limits to what a household should pay for housing and yet have available for a satisfactory standard of living in terms of food, medical care, education, recreation, etc. A 50% gross income/housing expense ratio would stretch the limits of affordability in most governmental policy settings.

It should also be noted that in many instances the consumer's choice to spend a disproportionate amount of income for housing may be an involuntary one. This is especially the case in housing markets where housing supply is grossly inadequate to satisfy demand. In these instances, the consumer may "choose" to spend 50% or more for housing because the alternative is a 120 miles of commute distance each day. If this choice impedes the ability of a family to reasonably feed itself, for example, then this family represents a housing need. On the other hand, if another family were faced with the same dilemma, and could solve the problem without sacrificing other living essentials, then that family would not represent a housing need.

The above discussion illustrates that housing need is a function of many market factors - consumer willingness to pay and the budget management abilities of respective households, to name a few. A cursory examination of housing need in several communities indicates that governmental definitions of "need" generally yield a substantially greater magnitude of problem than the market perception.

It shall be the theme of this analysis to rely most heavily on circumstances which prevail within the Newport Beach housing market. This is based on the premise that housing affordability is a reflection of community standards, not federal or state. Market realities will be moderated, however, by local governmental definitions, particularly with respect to low- and moderate-income categories.

ESTIMATION OF HOUSING NEED

To estimate housing need in Newport Beach, a demand-supply model has been employed. The foundation of this model is the following formula:

$$\text{Demand} \text{ minus } \text{Supply} \text{ equals } \text{Need}$$

This model contrasts with other models which attempt to estimate the number of individual households which are inadequately housed within any one community. The supply-demand approach compares total population with total housing supply to arrive at a community-wide "diagnosis" based upon the match between these two components of the housing market. The strength of this model is that it can be based on available data, with updates to reflect current market conditions. It also focuses on an assessment of housing needs within different economic segments of the community.

The weakness of this model, as with virtually all housing models, lies in the fact that it employs a rather loose definition of demand. In basic economic terms, demand is defined in terms of what the consumer is willing to pay for goods or services. In housing planning terms, however, demand is often defined in terms of total projected households. Ability to pay is usually interjected as a measurement of need, not demand. It must be emphasized, however, that demand is a function of the marketplace; it is not to be equated with the number of households in a community and the housing aspirations of those households.

The distinction between "demand" and "need" must be clearly drawn in any analysis of the Newport Beach housing market. The former is triggered largely by the community amenity factor, and is tempered only by housing prices and quality. There is strong reason for believing, however, that housing prices could climb quite high and there would be little lessening of total demand; it is strong and deep in Newport Beach, and probably cannot be satisfied within the bounds of acceptable community standards of environmental preservation and fiscal integrity.

Housing needs, on the other hand, lend themselves to reasonable and approximate quantification. Moreover, a framework can be established which allows the community to refine its fiscal and environmental mitigation measures so as to promote increased attainment of community housing needs.

Demand is an economic interaction between supplier and consumer; the interpretation of demand is best left to the private housing industry. The assessment of need is a process involving the collaborative efforts of producers, consumers, taxpayers, community groups, and local government. Housing need in the final analysis, is a local government judgement based on economics, fiscal constraints and political acceptability.

The three basic components of the model used herein are described below:

HOUSING DEMAND: The measurement of "demand" in this model is based on the total number of households in the community divided into four household income categories. These four income categories represent four economic segments of the Newport Beach community and are based on the city median household income for the year in which the analysis takes place. The categories are as follows:

1. Household incomes which are below 50% of the city median. These households are characterized as "very low-income" by community standards (\$13,760 in 1979 and estimated at \$17,500 in 1983).
2. Household incomes which are between 50% and 80% of the city median. These households are "low-income" by city standards (\$13,760 to \$22,010 in 1979 and estimated at \$17,500 to \$28,000 in 1983).
3. Household incomes between 80% and 120% of the city median. These households are characterized as "moderate-income" (\$22,010 to \$33,020 in 1979 and estimated at \$28,000 to \$42,000 in 1983).
4. Household incomes above 120% of the city median. These households are "upper-income" (Above \$33,020 in 1979 and estimated to be above \$42,000 in 1983).

Demand, as it is used in this model, is more accurately characterized as "potential demand." Instead of counting just those households which are in the market looking for housing, demand in this model also includes all households in the community, a majority of which are housed to their satisfaction under current conditions.

In addition to the number of households in each segment of the market, housing demand includes the number of additional housing opportunities needed in each category, determined by applying a vacancy rate, in order for that segment of the market to operate effectively.

SUPPLY: Housing supply is based on an inventory of the housing stock by its cost. Four housing cost categories are defined on the basis of affordability to various income categories in the demand side of the model.

Rental and owner-occupied housing units are inventoried separately by their cost, and then added together. All units except those seasonally-occupied and group quarters are counted.

Housing costs are based on the actual housing expense for the occupants of the units. In the case of rental units, housing costs for occupied units are reflected by the actual rents paid by tenants. In the case of owner-occupied housing, the actual monthly mortgage payment (plus additional housing expenses), is used to measure housing cost.

An alternate to this approach would be to use the value of the property, or the monthly housing payment that would be required if the unit were purchased in the current market. To use this latter measure would greatly exaggerate the affordability problem in Newport Beach.

Using the current vacancy rate in the rental and owner-occupied segments of the market, the number of vacant units is estimated and added to the housing supply. Vacant units are allocated to different cost categories according to the price at which they are available on the market.

Housing units needing replacement, or units that have deteriorated beyond rehabilitation, are subtracted from the available housing supply.

HOUSING NEED: Need is defined as the disparity between the demand for housing and the available housing stock. The available supply of housing in each cost category is subtracted from demand in the corresponding income category to determine either the amount of additional units needed to satisfy existing demand, or to determine the amount of units available in excess of demand. Negative numbers indicate a housing need, or an "excess demand" which is not satisfied by the existing housing supply.

REGIONAL SHARE: The "regional share" in this model represents Newport Beach's share of the future housing needed to meet projected regional growth and is shown on line 10 of Table 71. Under current state law, each community's assessment of housing need shall include the locality's share of the regional housing need.

CALCULATION OF 1983 - 1989 HOUSING NEEDS

Because this housing element covers the period 1984 to 1989, the City's regional allocation in this element is projected to January 1989. The demand and supply factors on which the need assessment is based are explained in detail as follows:

- * Estimated 1983 market vacancies (units for sale or rent) are based on historical patterns, estimated market vacancies are 1,670 units.

- * Estimated tenure is based on historical patterns, which have been remarkably stable between 1970 and 1983, the city estimates the 1989 tenure mix to be 53% owner-occupied and 47% renter-occupied. The aging of the Newport Beach population would tend to favor owner-occupancy over renter-occupancy, since older households tend to have a higher incidence of ownership than do younger households. Also, there will be a slight upward trend in family households with children.
- * Vacancy allowances for each income group are specified based on ownership versus renter patterns from 1980 Census data. The overall vacancy objective is 3.4%, which translates to 2% of the year-round housing stock for ownership housing and 5% of the year-round housing stock for rental housing. These objectives are common standards of what is considered to be a minimum rate of vacancy needed to assure adequate choice in the housing market. The 5% rental vacancy objective is also used in conjunction with the city's condominium conversion ordinance.
- * The number of market vacancies needed in 1989 will reflect the trend toward a reduction in vacation homes. These homes would thus provide additional year-round housing opportunities. (See Footnote 6 to Tables 70 and 71 for an explanation.)
- * The total number of housing units is estimated by the city to be 32,266 as of January 1983. The city estimates the number of dwelling units based upon its building permit records of net additions to the housing stock since April 1980, the month of the U.S. Census.
- * The needs assessments is distributed by income groups which are defined as a percentage of city median household income.

Table 70

1983 HOUSING NEEDS ASSESSMENT BASED ON CITY MEDIAN HOUSEHOLD INCOME

1983 Demand	<u>1</u>	<u>2</u>	<u>3</u>	<u>4</u>	
1. Household Income Categories as a % of City Household Median Income (\$35,000 in 1983)	0-50%	50-80%	80-120%	120%+	Total
2. Income	0-\$17,500	\$17,500-\$28,000	\$28,000-\$42,000	\$42,000+	
3. Number of Households (January 1983)	6,815 (23.4%)	5,110 (17.5%)	5,160 (17.7%)	12,075 (41.4%)	29,160
4. Est. Tenure Owner/Renter	25%/75%	30%/70%	60%/40%	75%/25%	53%/47%
a. Overall Vacancy Goal ²	.0425	.041	.032	.0275	.034
5. Vacancy Allowance	290	190	170	30	980
6. 1983 City Demand ³	7,105	5,300	5,330	12,405	30,140
<u>1983 Supply</u>					
7. Affordable Housing Payments/Mo.	\$0-580	\$580-\$920	\$920-\$1,380	\$1,380+	
8. Affordability Ratio ⁴	30%	30%	33%	35%	
9. Year-Round Units (Est. as of Jan. 1983) ⁵					31,800
a. Est. Available for Occupancy ⁶	6,960 (23.0%)	8,610 (28.3%)	6,300 (20.7%)	8,530 (28.1%)	30,400
10. Surplus/Deficiency	-145	+3,310	+970	-3,875	+260

Table 71

1989 HOUSING NEEDS ASSESSMENT BASED ON CITY MEDIAN HOUSEHOLD INCOME

	<u>1</u>	<u>2</u>	<u>3</u>	<u>4</u>	
1. Household Income Categories as a % of City Median Household Income (\$49,200 in 1989) ⁷	0-50%	50-80%	80-120%	120%+	Total
2. Income	\$0-\$24,600	\$24,600-\$39,360	\$39,360-\$59,010	\$59,040+	
3. Number of Households	7,150 (23.0%)	5,370 (17.2%)	5,500 (17.6%)	13,140 (42.2%)	31,160
4. Est. Tenure Owner/Renter	25%/75%	80%/70%	60%/40%	75%/25%	53%/47%
a. Overall Vacancy Goal ²	.0425	.041	.032	.0275	.034
5. Vacancy Allowance	300	220	180	360	1,060
6. 1989 City Demand ³	7,450	5,590	5,680	13,500	32,220
7. Less 1983 Demand	<u>7,105</u>	<u>5,300</u>	<u>5,330</u>	<u>12,405</u>	<u>30,140</u>
8. Additional Units	+ 345 (16.6%)	+ 290 (14.9%)	+ 350 (16.8%)	+ 1,095 (52.6%)	+ 2,080
9. Less 1983 Surplus	<u>- 43</u>	<u>- 36</u>	<u>- 44</u>	<u>- 137</u>	<u>+ 260</u>
10. Total New Units Needed	302	254	306	958	1,820

Footnotes to Tables 70 and 71

1. Household calculations are rounded to the nearest 10.
2. Vacancy allowance is based on the owner/renter tenure mix for each income group multiplied by the vacancy goal of 2% for ownership units and 5% for rental units. In the city's assessment of market vacancies, year-round units held for occasional use are excluded from the calculation.
3. City demand is the sum of households plus vacancy allowances. This demand figure applies only to year-round housing units.
4. The affordability ratios are based on new trends in government housing assistance and underwriting considerations by private lenders. The ratios are multiplied by gross monthly income to determine housing payments.
5. Excludes seasonal and migratory housing units. The needs analysis assumes no increase in the percent of seasonal units between 1980 and 1983.
6. In 1980, approximately 5% of the year-round housing stock was unavailable for occupancy. Such units may be held by the owners for occasional use, may be rented or sold and awaiting occupancy, or may be boarded up or under repair. In 1970, the percentage of such unoccupied but unavailable units was 6.9%. If this trend toward a reduction in year-round units not available for occupancy continued, then by 1983 about 4.4% of the year-round housing stock would be kept off the market, and by 1989, only about 3.3% of the year-round housing stock would be not available for occupancy. In fact, a comparison of 1970 and 1980 Census shows a marked decline in the number of homes held for occasional use (1280 in 1970 and 1,031 in 1980).
7. Projected 1989 City median household income is based on the 1980 census and the 1983 federal estimate of County median family income of \$33,700. This projection assumes an average annual increase in income of approximately 6% per year.
8. Table 55 shows future housing needs both as a function of county and city median family income because city programs employ both standards.
9. Assumes the percentage in each income overpaying for housing is estimated for 1983.

Source: City of Newport Beach Planning Department.

FIVE-YEAR HOUSING NEEDS IN NEWPORT BEACH

The needs assessment presented on previous pages, as well as the discussions in Part I of this housing element demonstrate that the Newport Beach housing market has traditionally served an economically diverse community. The older housing stock in the city as well as the large supply of rental housing have complimented primarily single-family neighborhoods in the evolution of a diverse housing stock.

Newport Beach's desirability coupled with high housing demand created by rapid regional growth during recent years have pushed ownership housing prices into the upper income housing market while rental housing prices have remained at significantly lower levels. Prices of new and existing single family homes have risen to the point where they are affordable primarily to those in upper income categories. In 1981, however, much of the existing housing stock -- rental housing and owner-occupied housing purchased before market escalation in the area -- continue to house families from a variety of income categories.

For 1989, several possible scenarios exist. The first scenario is that housing costs stabilize relative to changes in income so that the percentage of housing units in each of the four cost categories remains unchanged. Scenario number two shows the following shift in housing cost under the assumption that the trend established between 1980 and 1983 continues through 1989:

1	2	3	4
15%	17%	18%	50%

Scenario number three assumes that the distribution of all housing units, through turnover in tenancy, will approach that of units sold or rented to new occupants during 1983:

1	2	3	4
18%	16%	18%	48%

This estimate is based on sample records of homes sold or rented during 1983.

The likely outcome in 1989 would be a distribution somewhat in between the extremes represented in the three scenarios. Thus, some housing units will be lost in the two lower-cost categories between 1983 and 1989, but it is difficult to accurately predict the magnitude of that loss.

Regional Housing Needs

The Southern California Association of Governments (SCAG) has prepared a Regional Housing Allocation Model (RHAM) to assess the new housing need for each jurisdiction within the region. This model was prepared for the five year period 1983-1988. The RHAM assesses Newport Beach's portion of the new units needed to satisfy the housing needs resulting from regional growth on the basis of regional characteristics such as County Median household income and a generalized "ideal" vacancy rate. SCAG estimates that 1,561 new units will be needed in Newport Beach by 1988. In order for the Housing Element and the RHAM time frames to coincide HCD and SCAG have agreed that the RHAM can be extended from 1988 to 1989 by multiplying the 1988 RHAM need projection by 1.2. This adjustment has been made in the RHAM and both the 5 year and 6 year need projections as well as the unit distributions for the various income groups are shown in the following table:

Table 72

REGIONAL HOUSING NEEDS

	<u>Very Low</u>	<u>Low</u>	<u>Moderate</u>	<u>Upper</u>	<u>Total</u>
	0-50%	50-80%	80-120%	120%+	
5 year projection	225	310	272	754	1,561
6 year projection	270	372	326	905	1,873

SCAG has also estimated that 37 farm worker households, 23 in the very low income group and 14 in the low income group, will be eligible for assistance in 1988.

Housing Needs Summary

The RHAM assess Newport Beach's portion of the new units needed to satisfy the housing needs resulting from regional growth on the basis of regional characteristics. The demand/supply analysis assesses the new units needed to satisfy projected demand from all sources on the basis of city characteristics. The new housing needs resulting from the SCAG analysis are not additive to the new housing needs estimated by the demand/supply analysis. The results of the 1983 demand/supply analysis shows that there is a slight housing deficiency in the very low income group and a sizable deficiency in the upper income group. The analysis also shows that the low and moderate income groups have an excess supply of housing. In terms of the supply of housing, this analysis shows that the City has approved and developed a large stock of low and moderate income housing over the years. This further indicates that the City's housing stock supplies nearly a sufficient number of very low and low income units and that the 3,924 households paying more than 30% of their income for housing is a result of a mismatch between units and occupants.

When the SCAG RHAM analysis is projected to the year 1989, it shows that the City will need 1,873 new units over the six year period 1983-1989. When the six year new housing need of 1,820 new units as projected by the demand/supply analysis is compared to the RHAM the total housing need difference is 53 units over the six year period.

The 1989 RHAM projection of future housing needed is slightly larger than the demand/supply projection. The unit allocations to income groups cannot be directly compared because one model is in County income and the other is in City income. The RHAM allocates more units to the low and moderate groups and less units to the very-low and low income groups than the demand/supply analysis. Since the 1989 RHAM identifies the greater total housing need, the City shall use that number as its housing need and attempt to produce sufficient future housing units to achieve that total number of units and that housing unit distribution.

III. CONSTRAINTS TO HOUSING DELIVERY

MARKET CONSTRAINTS

Community Attitudes

The citizenry in Newport Beach is well-organized through neighborhood homeowners associations and community environmental groups. In these circles, a strong public sentiment pervades with regard to preserving the suburban environment in the city. In the past, opposition has been voiced against increased commercial and office uses in the city and against expansion of the adjacent John Wayne Airport. Higher density residential development is also opposed by much of the populace in Newport Beach, due to concerns regarding traffic, congestion and perceived infrastructural limitations.

There exists a growing public attitude in Newport Beach, as well as in the country as a whole, that government regulation of the marketplace should be limited. Therefore, housing policies which GUIDE development toward social goals rather than REGULATE development are generally more compatible with local public attitudes. The regulation of housing prices is an unacceptable area for government intervention for a majority of Newport Beach residents.

Public sentiment is noted as a constraint because of its influence on local officials and because of the recent Supreme Court ruling that all zoning is a legislative process which can be modified by ballot initiatives (North Costa Mesa Homeowners Association vs. Arnel Development Company and South Coast Plaza). The implication of this case is that the use of undeveloped land can be decided through the initiative process, regardless of general plan designations.

Market Impacts on Development Costs

The growing market demand for housing in Newport Beach and the relatively small supply of remaining vacant residential acreage in the city has had a strong impact on the financial aspects of residential development in the city. The greatest impact of this market demand on cost of new housing is seen in the price of residential land in the city.

Land costs vary as much within Newport Beach as they do within Orange County. Generally though, they are much higher than land costs in other areas of the county, reflecting the desirability of the area for its proximity to amenities, and its reputation as a favored residential community. Professional real estate appraisers have indicated that raw land in the City zoned for multiple family residential use (20 units/acre), with a water orientation, has a MINIMUM market value of \$600,000 per acre; and the market value of raw land in Newport Beach with similar potential land use, but without water orientation, is a minimum of \$500,000 per acre. Information submitted to the City by developers in the course of processing residential development approvals further indicates that two prime water oriented parcels zoned for multiple family residential use were recently acquired for \$1.8 million per acre and \$1.98 million per acre, respectively. Another parcel of property, located in inland Newport Beach, and zoned for multiple family

residential uses, was acquired for \$592,000 per acre in August of 1983. By way of comparison, available information indicates that a site zoned for high rise density residential uses (80+ units per acre) in inland Huntington Beach, and a parcel zoned for multiple family residential uses (20 units/acre) in Costa Mesa, were acquired for \$650,000 per acre and \$653,000 per acre, respectively during 1983.

Although no information was available as of the date of adoption of this Element with respect to the market value of raw land zoned for single-family residential uses, marketing information on custom lots indicates that undeveloped single-family residential land in Newport Beach is quite costly. Custom lots in Belcourt Manor, ranging in size from 8,000 square feet to 11,265 square feet, were selling for between \$375,000 and \$535,000 in March of 1984. Custom lots in Belcourt Gallery, ranging in size from 9,902 square feet to 28,699 square feet were marketed in a price range from \$475,000 to \$695,000 during this same period. On a per acre basis, the subdivided custom lots in Belcourt Manor and Belcourt Gallery, neither of which have any water orientation, have a market value of \$2.042 million to \$2.068 million per acre, and \$2.09 million to \$1.055 million per acre, respectively.

Density increases are often set forth as a method to decrease land cost components of housing costs. While density increases may or may not decrease land costs on a per unit basis, sales prices of units in project approvals granted by the City in recent years indicate that density increases do not necessarily have any effect on the cost of housing to consumers. For example, density increases allowed in two 1981 projects did not substantially decrease the cost of the units to an affordable level; in these instances, units ranging in size from 1,324 to 1,675 square feet, and built at a density of 25 units per acre, sold in a range of \$179,900 to \$199,900. The developer of a fourteen unit condominium project approved for development in early 1984 at a density of 29.2 units per acre proposed to market two-bedroom units of 800 square feet, 1,250 square feet, and 1,500 square feet for \$145,000, \$185,000, and \$235,000 respectively. Higher density project approvals that are not conditioned upon price controls thus do not substantially reduce the cost of housing to consumers in the City at least in the examples cited.

In addition, high residential densities involving buildings taller than three stories will greatly increase unit marketability in many areas of the city because of the addition of a view factor. Regardless of square footage or density, a unit with a Newport Beach view can be marketed as a luxury condominium and will command an extremely high price on the market.

Higher land costs in the city are the main factor in higher square footage costs for housing provision. High land costs also trigger higher costs in other areas of development. To balance the price of land, developers must increase amenities within the housing unit as well as within the community area in order to justify the higher prices paid for land. Thus, a higher land price is the factor that triggers increased development costs "across the board." Table 73 shows estimated land and construction costs for four projects.

Financing Constraints

The recent federal involvement in fighting inflation through restrictions on the cost and supply of mortgage capital has had an insurmountable impact on the housing market throughout the country since late 1979. Higher interest rates substantially reduce the home purchasing potential of homebuying households. New homebuyers especially find that the housing product they can afford is substantially less than their expectation. The difficulty in producing housing which is affordable to first-time homebuyers is thus compounded.

While the cost of production has increased, the purchasing power of customers has decreased. Because development costs in Newport Beach are higher than in other areas of the state, housing is even further out of the reach of first-time homebuyers.

With savings and loan institutions and other home loan lenders experiencing higher costs in attracting funds, it is extremely difficult for the fixed rate, long-term mortgage to be used as the primary mortgage instrument for housing finance purposes. Consequently, variable rate mortgages, equity appreciation mortgages, and other techniques are being promoted. This smorgasbord of "creative financing" helped to maintain a higher level of capital for housing than might otherwise be available.

Table 75 shows how changes in interest rates affect payments on a \$100,000 loan.

Table 73

COMPARISON OF COSTS FOR FOUR SIMILAR PROJECTS

<u>Project</u>	<u>Total No. of Units</u>	<u>Average Square Footage Per Unit</u>	<u>Total Price of All Units</u>	<u>Average Price Per Unit</u>	<u>Land Cost</u>	<u>Construc- tion Cost</u>	<u>Sales Price Per Sq. Ft.</u>	<u>Construc- Cost per Sq. Ft.</u>	<u>Construc- Cost per Sq. Ft.</u>
1317 E. Balboa Blvd.	4	2137	\$1,180,000	\$295,000	\$250,000	\$ 769,000	\$139.50	\$ 90.91	\$120.46
Spinnaker Bay	10	1004	2,000,000	200,000	800,000	710,000	199.20	70.72	151.41
487 Morning Canyon Road	14	1293	2,810,000	200,714	950,000	1,434,600	155.25	79.26	131.75
311 Carnation Avenue	4	3390	2,579,000	644,750	810,000	1,428,000	190.19	105.31	165.04

Source: Tarantello & Company.

Table 74

SALES PRICE COMPONENTS OF RESIDENTIAL PROJECTS
IN NEWPORT BEACH AND ORANGE COUNTY

Sales Price Category	Single-Family Detached		Townhouses and Condominiums	
	<u>Orange County¹</u>	<u>Newport Beach²</u>	<u>Orange County¹</u>	<u>Newport Beach²</u>
<u>Direct Costs</u>				
Land	12%	28%	11%	11%
Site Improvements	13%	8%	11%	4%
Community Amenities	2%	0	5%	3%
Construction	<u>51%</u>	<u>26%</u>	<u>51%</u>	<u>42%</u>
TOTAL	78%	62%	78%	60%
<u>Indirect</u>				
Financing	5%	16%	6%	19%
Sales & Marketing	4%	9%	4%	5%
Gross Profit	10%	8%	8%	12%
Overhead and Contingencies	<u>3%</u>	<u>5%</u>	<u>3%</u>	<u>4%</u>
TOTAL	22%	38%	21%	40%

Sources: 1) The Cost of Housing in Orange County, The Orange County Cost of Housing Committee, February 20, 1978.
Total projects surveyed: 11.

2) Based on one single-family and one condominium project constructed and sold in Newport Beach in 1981.

Table 75

THE EFFECT OF CHANGES IN INTEREST RATES¹
ON THE AFFORDABILITY OF A \$100,000 LOAN

<u>Interest Rate</u>	<u>Monthly Payment</u> ²	<u>Income</u> ³ <u>Needed</u>	<u>% Able to Afford</u> ⁴
9%	\$ 910	\$31,160	54.7%
10%	\$ 980	\$33,660	51.0%
11%	\$1,060	\$36,200	48.0%
12%	\$1,130	\$38,800	45.1%
13%	\$1,210	\$41,500	42.0%
14%	\$1,290	\$44,200	40.3%
15%	\$1,370	\$46,900	37.4%

1 Assumes a 30-year, fixed rate mortgage.

2 Mortgage plus insurance and taxes.

3 Assumes a maximum of 35% of income is spent on mortgage payments, insurance and taxes.

4 Based on the estimated distribution of household income in Newport Beach in 1983.

Source: County and Associates.

Developers' Perceptions of Marketability

Perceptions by developers of the market ability of newly-constructed housing units also constitute a constraint upon the development of housing for all income levels. In order to attract a specific segment of the market, developers frequently include in their housing developments a variety of amenities not required under the city's zoning, subdivision and building codes. These amenities include increased amounts of open space, additional parking spaces, and lower densities than are required under city regulations. While the city can and does impose minimum requirements regarding amenities, it does not, and can not realistically, prevent developers from imposing more stringent requirements on themselves.

As Table 76 shows, developers of larger residential projects in Newport Beach have historically chosen not to develop at the highest density permitted on their parcels:

Table 76

COMPARISON OF MAXIMUM PERMITTED
DENSITIES AND ACTUAL DENSITY OF CONSTRUCTED
HOUSING UNITS BY PROJECT

<u>Project</u>	<u>Date</u>	<u>Acres</u>	<u>Maximum Permitted Density</u>	<u>No. of Units Built</u>	<u>Constructed Units Per Acre</u>
Westcliff	1952-1967	493.3	SRF (8/A)	1649	3.34
Cameo Shores	1958	64.1	SFR (8/A)	177	2.63
Irvine Terrace	1959-1963	152.5	SRF (8/A)	416	2.73
Harbor View West	1959-1967	97.6	SFR (8/A)	266	2.7
Cameo Highlands	1960	44.3	SFR (8/A)	142	3.2
Eastbluff	1963	165.33	SFR (8/A)	462	2.79
Harbor View East	1966-1971	167.2	SFR (8/A)	490	2.93
Harbor View Homes	1968-1972	321.2	SRF (8/A)	1169	3.64
Big Canyon	1970-1972	165.2	SRF (8/A)	476	2.88
Spyglass Hill	1971-1972	155.6	SFR (8/A)	350	2.25
Jasmine Creek					
1st Phase	1973		SFR (8/A)	379	4.39
2nd Phase	1973		10/A	346	4.0
3rd Phase	1976		10/B.A.	324	3.74
Broadmoor Seaview	1976	51.4	175 units	167	
Harbor Ridge	1977-1978	166.3	4/B.A.	392	2.36

Source: City of Newport Beach Planning Department.

Development approvals granted by Newport Beach in early 1984 indicate that developers are continuing to exceed city standards with respect to project amenities. The following table distinguishes between the level of amenities required by the city and those proposed by the developer, on three attached residential projects:

Table 77

COMPARISON OF REQUIRED AMENITIES AND
AMENITIES PROPOSED BY DEVELOPER

<u>Project</u>	<u>City Amenity</u>	<u>Developer Requirement</u>	<u>Proposal</u>
406 E. Bay Ave.	Parking Spaces	15 spaces (10 covered)	20 dovered sp.
	Open Spaces	22,126 cu.ft.	59,346 cu.ft.
311 Carnation	Density	Up to 17 units	4 units
	Parking Spaces	6 spaces	9 spaces
	Open Spaces	14,040 cu.ft.	148,700 cu.ft.
487 Morning Cyn.	Parking Spaces	21 Spaces	32 Spaces
	Lot Coverage	Up to 60%	36%

Source: City of Newport Beach Planning Department.

As cited examples indicate, therefore, developers have historically imposed amenity requirements upon their own residential projects that are more stringent or restrictive than those mandated by city regulations. Whether this is done due to marketing perceptions of for other reasons, these self-imposed amenity requirements are a constraint, over which the city has no control, to least-cost housing.

GOVERNMENTAL CONSTRAINTS

Local Governmental Constraints

This section of the Housing Element addresses actual and potential city governmental constraints upon the development of housing for all income levels. Examples of such constraints include land use controls (zoning), building codes and their enforcement, site improvements, fees and local processing, and permit procedures. In many of these areas, localities have varying degrees of discretion to modify state standards for local implementation and/or conditions.

In addition to the above-mentioned constraints, land developed currently can, in many instances, be considered a constraint on the development of new housing. Land developed for commercial or industrial uses cannot realistically be used for housing purposes, and land developed as single family residences cannot generally be used for multi-family residential purposes. The following tables set forth the manner in which land in Newport Beach is designated for use, both as between residential and non-residential uses, and by intensity of residential use:

Table 78

DESIGNATION OF LAND
IN NEWPORT BEACH BY USE

<u>Land Use</u>	<u>Estimated Gross Acreage</u>	<u>Percentage of Total Gross Acreage in City</u>
Commercial	1420.09	16.0%
Institutional	598.73	6.75%
Residential	4,539	51.2%
0-4 units/acre	2,261	25.5%
4-10 units/acre	1,185	13.4%
10-15 units/acre	274	3.1%
15-25 units/acre	566	6.4%
25+ units/acre	253	2.9%
Remaining uses and vacant	2202.93	24.8%
<hr/>		
TOTAL:	8,873.80	

Source: City of Newport Beach Planning Department.

Table 79

EXISTING RESIDENTIAL USE
BY DENSITY CATEGORY

<u>Residential Density Level</u>	<u>Estimated Gross Acreage</u>	<u>Dwelling Units</u>	<u>No. of Units Per Gross Acre</u>
0-4 units per acre	2,261	6,770	2.99
4-10 units per acre	1,185	6,927	5.85
10-15 units per acre	274	3,216	11.74
15-25 units per acre	566	11,071	19.56
25+ units per acre	<u>253</u>	<u>6,953</u>	27.48
TOTAL	4,539	34,937	7.70

Source: City of Newport Beach Planning Department, Land Use Summary
(January 1984).

In Newport Beach, as previously mentioned in the discussion of site availability, there is a relatively limited supply of vacant land remaining for development. It is estimated that only about 4% of the developable land in Newport Beach remains vacant.

This limitation on the supply of land, and the accompanying existing urban development patterns of the city, serve to shape its land use regulations. This analysis of the regulations is cognizant of these circumstances and provides comment as appropriate, in this regard.

The Planning Process

A. General Comments - The City Planning Department is divided along traditional lines into sections for current and advance planning.

The Current Planning section does zoning administration and related functions. The Advance Planning section concerns itself with the general plan, local coastal plan, and related types of activities.

The organization of the department is rather typical and appears to function well, as the formal and informal coordinating methods facilitate communication and minimize redundancy. It should also be mentioned, that the Building Department recently became a separate entity. However, it appears that the essential communication between these now distinct departments has remained open. The critical relationship of zoning administration and the building permit process is working well and does not cause undue delays in processing.

- B. The City Council maintains a "Council Policy Manual" on a formal basis. This manual is comprised of Council Policies formulated on a motion of a council member and voted by a majority of the quorum present. The manual has no force or effect of law, however it does have a binding effect on the council and city staff.

The manual allows the council to express policy regarding planning and land use issues without the formalities of an ordinance proceeding. While review for the purposes of preparing this element found no abuses of this policy-making system, the potential for the avoidance of due process in housing and land use decision-making should be noted.

- C. The Newport Beach General Plan includes Land Use, Circulation, Housing, Recreation and Open Space, Public Safety, Noise and Residential Growth Elements; all but the Residential Growth Element are mandated by State law. The Residential Growth Element, adopted in 1973, sets forth general policies regarding residential uses of vacant and developed land. Although the Residential Growth Element was adopted during a period of heightened environmental sensitivities at both the local and state level (the California Environmental Quality Act was adopted in 1970) and articulates strong concerns regarding the effect of increased residential densities upon environmental resources and infrastructural capacities in Newport Beach, many of these concerns have been rendered obsolete by recent State legislation regarding housing.

The Newport Beach General Plan has been revised periodically since 1973. Its provisions receive frequent review, however, in the amendment process, and through adoption of related policies, documents, and ordinances such as the local coastal plan and the traffic phasing ordinance.

The City General Plan Amendment (GPA) process is somewhat unusual. All amendments are initiated by the City, at the recommendation of a property owner. This system eliminates the need for a comprehensive application process and for an amendment fee. It also provides the City with substantial control over the amendment process. In practice, the major difference between the City's procedure and an application process is as follows. The City has the ability to decide if the amendment will be initiated (heard). This decision process need not include an exposition of the merits of the request for amendments. In the case of an application process, while ultimately the application may be denied, it cannot be summarily dismissed without a hearing on its merits. The application has paid a fee which entitles the applicant to a hearing through a specified process. The "recommending" property owner in the city has no such guarantee. It should also be noted, because GP amendments are city initiated, the time limitations of state law do not apply to this process.

- D. The Zoning Code of the city is complex but not atypical for an already highly urbanized community. The code uses a district concept which is appropriate to the diverse urban patterns and topography found in the city.

The Zoning Code contains six basic zoning districts (excluding Planned Community districts and other specialized districts) to regulate residential uses within the city. These zoning districts are R-A (agricultural), R-1 (single family residential), R-1.5 (single family residential and duplex), R-2 (single family and duplex), R-3 (single and multi-family residential) and R-4 (single and multi-family residential). Table 80 summarizes the Zoning Code provisions for residential density, height, set-backs, and parking for the R-A, R-1, R-1.5, R-2, R-3, and R-4 districts, as well as the Newport Shores Specific plan for comparison purposes. These density requirements closely follow the General Plan Land Use Element density policies. Maximum densities range from eight to sixteen units per net acre (excluding streets and unbuildable areas) in single family and duplex zones (R-1, R-1.5, R-2). The Zoning Code establishes different buildable area coverage standards for various residential districts within the city. Within the R-1.5 District, gross floor area cannot exceed 1.5 times the allowable building area. The R-2 District allows a 2.0 maximum coverage throughout most of the City; however, in Corona del Mar a maximum of 1.5 times the buildable area is permitted due to the existing high density and traffic congestion in the area. Although this may be restrictive to maximum residential usage, it is justified because of limited parking area and street capacities in these districts. Both districts permit duplexes.

Maximum densities in the multifamily zones (R-3 and R-4) depend on the configuration of the lot, as lot area per dwelling unit restrictions apply. In the R-3 zone, a minimum lot area per dwelling unit of 1200 square feet is required, which translates to a maximum density of 36 units per net acre. In the R-4 zone, the 800 square feet per dwelling unit requirement translates to a maximum density of 58 units per net acre.

Table 34 provides examples of actual residential densities, which range from 6.59 to 49.1 units per gross acre, with an average density of 19.4 units per gross acre. The following hypothetical example shows how the various zoning requirements interact on an R-4 zoned lot. This example is intended for informational purposes, not as a typical probable outcome.

Assume a flat site of one acre (43,560 square feet) square. The 800 square feet per dwelling unit requirement would allow the construction of 54 units. These 54 units would have to be placed in a building(s) which did not exceed yard setback requirements. In the R-4 zone, required setbacks leave a buildable area of about 34,200 square feet. A minimum of 81 off-street parking spaces are required. If parking is provided at grade, about 20,000 square feet of area would remain for the 54 units. These units would require about 15,300 square feet each are placed in a three-story structure. About 5,000 square feet of lot area would remain for common areas, on-site facilities, and interior landscaping.

Table 80

SUMMARY OF ZONING CODE PROVISIONS BY DISTRICT
CITY OF NEWPORT BEACH

<u>Zone</u>	<u>F-A (g.)</u>	<u>R-1 (S.F.)</u>	<u>R-1.5 (S.F.)</u>	<u>R-2 (Duplex)</u>	<u>R-3 (Multi.)</u>	<u>R-4 (Multi.)</u>	<u>Specific Plan</u>
Height ¹	24'/28'	24'/28'	24'/28'	24'/28'	28'32'	28'/32'	24'/28'
Min. Lot Size	6,000 sq.ft.	5,000 sq.ft./ 6,000 corner lots	5,000 sq.ft.	Same as R-1	Same as R-1	Same as R-1	
Min. Lot Width	60 ft.	50 ft./60 ft. corner lots		Same as R-1	Same as R-1	Same as R-1	
Parking	1½ spaces/ unit	Same	Same	Same	Same	Same	
Floor Area ² Ratio		1.5/2.0	1.5	1.5/2.0	1.5/3.0 ³	1.5/3.0 ³	2.0
Lot Coverage	40%	100% less yard				Same as R-1	
Front Yard ⁴ (Min./Max.)	20 ft.	20 ft./ 35 ft.	Same as R-1	Same as R-1	Same ₅ as R-1	Same ₅ as R-1	5 ft. ⁵
Side Yard	10% of lot width (3' min./ 6' max.)	3 ft. or 4 ft.	Same as R-1	Same as R-1	Same ₅ as R-1	8% of lot width (3 stories or less) + 2% for each addi- tional story up to 25 ft.	Same as R-1

Table 80 (Con't.)

SUMMARY OF ZONING CODE PROVISIONS BY DISTRICT
CITY OF NEWPORT BEACH

<u>Zone</u>	<u>F-A (g.)</u>	<u>R-1 (S.F.)</u>	<u>R-1.5 (S.F.)</u>	<u>R-2 (Duplex)</u>	<u>R-3 (Multi.)</u>	<u>R-4 (Multi.)</u>	<u>Specific Plan</u>
Rear Yard ⁵	20% of lot depth (15' min./ 25' max.)	10 ft.	Same as R-1	Same as R-1	Same as R-1	Same as R-1	5 ft. ⁵
Minimum Open Space				Lot width x height limit x 6 ft.			10% of buildable
Lot Area Per Dwelling					1200 sq.ft.	800 sq.ft.	1200 sq.ft. (1 or 2 units) /1500 sq.ft. (3+ units)

1. Lower number is the basic height limit, which can be increased to higher number upon approval of a use permit in each case.
2. The 1.5 F.A.R. applies to Old Corona del Mar and Balboa Island only. In West Newport, Balboa Peninsula, and Old Corona del Mar, F.A.R. does not include open decks, balconies, or patios.
3. Excludes building area used for parking.
4. Twenty feet, unless otherwise specified on districting maps.
5. Other special yard and building distance requirements may apply.

Source: City of Newport Beach Planning Department.

The amount of space for on-site amenities could be increased to 16,000 square feet if parking is placed underground. Otherwise, the number of units would have to be decreased, probably to less than 40 units, in order to provide enough space for on-site amenities.

In practice, the densities allowed under Newport Beach's land use regulations are high to moderate in comparison to many other communities of a similar size. This is evidenced by the larger percentage of multi-family housing in Newport Beach than in neighboring jurisdictions.

Up until 1980, the City generally required a minimum of two parking spaces per dwelling unit in R-1, R-1, r-1.5, R-2, R-3, and R-4 districts. The current parking standards set forth in the Zoning Code generally require 1.5 off-street parking spaces (including one covered space) per dwelling unit in these districts. The amount of parking spaces currently required in residential districts under the Newport Beach Zoning Code appears to be appropriate in light of the lack of available on-street parking in those districts and the heavy traffic congestion throughout Newport Beach during the summer and holiday periods; this parking requirement also compares reasonably with residential parking standards mandated for similar residential districts by other municipalities in Orange County, and is lower than the parking standard generally imposed by the County of Orange. A standard of two parking spaces per unit has generally been included in Planned Community Districts.

The Zoning Code establishes five height zones within Newport Beach: the 24/28 foot height limitation zone, the 28/32 foot height limitation zone, the 26/36 foot height limitation zone, the 32/50 foot height limitation zone, and the high rise (375 feet) height limitation zone. The high rise height limitation zone covers approximately 7% of the land within Newport Beach, including the Newport Center, Aeronutronic Ford, and portions of the North Ford parcels. The 32/50 foot height limitation zone permits structures of up to fifty feet in elevation, pursuant to an adopted Planned Community District text or a Specific Area Plan. A fifty foot height restriction allows development of residential structures with five stories. The 32/50 foot height limitation zone covers approximately 15% of the land in Newport Beach, including the Cal Trans West, Castaways, Westbay, Newport Village, Big Canyon - Areas 16 and 10, Harbor Ridge, Baywood, and Jasmine Creek parcels, and portions of the "West Newport Beach Triangle" and the Beeco and North Ford parcels.

The 26/35 foot height limitation zone covers most of the coastal areas of the city, allowing development of structures at elevations up to 26 feet as a matter of right, and permitting structures of up to 35 feet with the adoption of a Planned Community District or Specific Area Plan, or with the approval of a use permit. All multifamily residential structures within the 28/32 and 32/50 foot height limitation zones can be constructed to a height of three stories without a use permit or other approval.

Numerous multi-family residential structures in the city have been developed to a height of three stories. Table 81 sets forth a partial inventory of these developments, as follows:

Table 81

MULTI-FAMILY RESIDENTIAL DEVELOPMENTS
OF THREE OR MORE STORIES

<u>Project</u>	<u>No. of Stories</u>	<u>Units</u>	<u>Per Acre</u>
Versailles	3	255	37.5
Lido Condominiums	9	54	49.1
621 Lido Park Drive	8	36	21.2
Caribe	6	48	36.9
Rendezvous	3	24	32.0
Oakwood	3	1450	44.9
Newport Center	3	460	12.1
Park Newport	4	1302	24.5
Promontory Point	3	520	15.8
Balboa Bay Club	5	144	34.7
Villa Balboa	3	418	32.2
The Beachhouse	3	226	40.1
Las Brisas Apartments	3	54	37.0
Seaview Lutheran Plaza	3	101	44.9

Source: City of Newport Beach Planning Department.

The city's Zoning Code provides for a modifications committee made up of the Planning Director, the Public Works Director, and the Building Director or their designated representative. Whenever a strict interpretation of the Zoning Code, or its application to any specific case or situation, would preclude a reasonable use of property not otherwise allowed under the zoning regulations, the modifications committee is authorized to modify requirements relating to building setbacks, encroachments, size and location of parking spaces, lot line adjustments, and related matters. The Zoning Code also provides a procedure under which variance from the zoning regulations may be granted whenever the affected property owner shows that practical difficulties, unnecessary hardship, and results inconsistent with the general purpose of the Zoning Code may result from the strict application of zoning regulations to the affected parcel.

The requirements of the residential zones are amended through several special designations:

- * Planned residential development.
- * Planned community district (including special requirements in mapped coastal bluff areas identified in the Zoning Code).
- * Specific plan districts.

* "B" Districts.

* Mobile Home Park Districts.

Planned Residential Development: This procedure allows the development of land of sufficient area to create a better designed development than under customary zoning regulations. Maximum lot coverage is set at 40%, and minimum dwelling unit living area is established at 1,000 square feet in R-1 and R-2 districts and 600 square feet in R-3 and R-4 districts.

Planned Community Districts: This procedure permits the development of large areas under a coordinated plan proposed by the developer. Non-residential and residential land uses may be combined in a single development. The plan may depart from underlying zoning standards as approved by the city on a case-by-case basis.

Specific Plan Districts: These are area wide plans adopted by the city, but not with regard to a particular development. Specific plans include development standards which may depart from or augment the underlying zoning. Specific plans have been adopted for Newport Shores and Mariner's Mile.

The Newport Shores specific plan permits single-family and duplex residences outright and multifamily residences subject to a use permit.

"B" Districts: Where R-1, R-2, R-3 or R-4 districts are combined with a "B" district, the development standards in Table 82 govern.

Mobile Home Park District: These are overlay zones which may be applied to encourage, maintain and protect existing mobile home park uses. Once applied, this overlay designation cannot be removed unless certain findings are made and a phase-out plan, including relocation assistance and programs to mitigate the housing impacts upon tenants with low and moderate incomes, who are elderly, or who are handicapped, have been approved by the City Council.

An important part of zoning review is the city's traffic phasing ordinance, which directly impacts the allowable land uses in the community. The traffic phasing ordinance (TPO) was adopted by the Council in response to growing community concern over traffic congestion at critical intersections. The TPO provides that each development which qualifies must be analyzed to determine which intersections it impacts and the level of impact. If the anticipated generation will produce a level "D" situation at the intersection, or increase traffic flow 1%, mitigation measures must be provided by the developer. The "qualifying" threshold which brings a development under the TPO is 10,000 covered square feet for a commercial or industrial development, or 10 dwelling units for a residential

subdivision. While the TPO is a rational method of dealing with exacerbation of intersection congestion, it should be reviewed periodically to insure that the trip end generation of the threshold qualifications remain relatively equal. Should an imbalance occur here, it is possible to subject housing to a higher level of scrutiny and possible mitigation than other development forms.

Another component of the Zoning Code which impacts allowable land uses is the city's Condominium Conversion Ordinance. This ordinance requires, in addition to the provisions of the Subdivision Map Act, a use permit for conversions. Chapter 20.73 of the Zoning Code specifies that no condominium conversions will be permitted on lots smaller than 5,000 square feet or under market conditions where the multifamily vacancy rate is less than 5%. Overriding considerations are provided; however, these standards have acted to substantially limit the number of conversions in the city since adoption of the ordinance in 1979.

Several affects of this ordinance have been observed within the Newport Beach housing market.

- * The ordinance acts to preserve concentrations of rental housing in older beach neighborhoods which are developed at higher densities and where infrastructure deficiencies are evident.
- * To make the rental of duplex housing financially feasible, owners frequently rent units at winter rates to students and at higher summer rates to vacationing households. To afford winter rates, students often "double up", causing overcrowded conditions. Parking demand is also increased by this type of usage. Thus, beach area rental housing, and especially duplex housing, causes a higher rate of utilization and a greater demand on neighborhood services than owner-occupied housing.

Table 82

SPECIAL REQUIREMENTS IN COMBINING "B" DISTRICT

COMBINING DESIGNATION B:

Building Site Area	6,000 Square Feet
Lot Width	60 feet
Lot Length	80 feet
Front Yard	20 feet
Rear Yard	6 feet
Side Yard	6 feet
Maximum Coverage	60 percent

COMBINING DESIGNATION B-1:

Building Site Area	7,500 Square Feet
Lot Width	75 feet
Lot Length	90 feet
Front Yard	15 feet
Rear Yard	7 feet
Side Yard	7 feet
Maximum Coverage	60 percent

COMBINING DESIGNATION B-2:

Building Site Area	10,000 Square Feet
Lot Width	90 feet
Lot Length	100 feet
Front Yard	15 feet
Rear Yard	10 feet
Side Yard	10 feet
Maximum Coverage	60 percent

COMBINING DESIGNATION B-3:

Building Site Area	20,000 Square Feet
Lot Width	100 feet
Lot Length	150 feet
Front Yard	15 feet
Rear Yard	10 feet
Side Yard	10 feet
Maximum Coverage	60 percent

MINIMUM SITE AREA PER DWELLING UNIT:

	R-2	R-3	R-4
B	3000 sq.ft.	1500 sq.ft.	1250 sq.ft.
B-1	3000 sq.ft.	1500 sq.ft.	1250 sq.ft.
B-2	3000 sq.ft.	2000 sq.ft.	1500 sq.ft.
B-3	3000 sq.ft.	2000 sq.ft.	1500 sq.ft.

Source: City of Newport Beach Planning Department.

The Subdivision Process

The City of Newport Beach implements the State Subdivision Map Act through a local implementation ordinance. This appears as Title 19 of the City Code, and is titled, "Subdivisions." The basic text of the ordinance was published in January 1974 and revised in 1982. The basic provision of the Subdivision Code are similar to most jurisdictions of this size.

The Code also contains design standards which provide minimum criteria for development. The standards set forth are not unreasonably restrictive and, as in the case of street width, provide for reductions of standards if appropriate. Such reductions are made at the Planning Commission level, subject to City Council approval based on a demonstration of justification for reasons of topography or the number of lots served. Such provisions allow flexibility in the enforcement of the ordinance and potentially reduce development costs.

In addition to the above-described design standards, the Subdivision Code also addresses "Improvements". This section requires street trees, the undergrounding of utilities, and the use of ornamental street lighting. While such improvement standards may be deemed important for quality of life considerations, they are not essential to maintain minimum health and safety requirements and will add to the cost of development.

Also included in the Subdivision Code is a provision for the dedication of parkland. The dedication of parkland and/or the provision of in lieu fees is a requisite to the approval of a final subdivision map. In 1983, the City amended its parkland dedication provisions in response to changes in State law regarding park dedications; the City's parkland dedication requirements, as amended in 1983, are substantially identical to the State statutory framework.

Specific provisions of the city's subdivision and design controls which may constrain housing production are described below.

Required Street Widths:

- a) Major Streets or Highways. Minimum right-of-way shall be 120 feet; minimum pavement width between curbs, 100 feet.
- b) Primary Streets or Highways. Minimum right-of-way shall be 100 feet; minimum pavement width between curbs, 80 feet.
- c) Secondary Streets or Highways. Minimum right-of-way shall be 84 feet; minimum pavement width between curbs, 64 feet.
- d) Local Streets. Minimum right-of-way shall be 60 feet; minimum pavement width between curbs, 40 feet.

- e) Cul-De-Sac Streets and Service Roads. When not over 350 feet in length, the minimum right-of-way shall be 60 feet; minimum pavement width between curbs, 40 feet.
- f) Two-Level Streets. Minimum right-of-way, 60 feet -- variable according to grade, pavement widths, two sections, each 20 feet curb face to curb face.
- g) Parkways. Parkways between curbs and sidewalks shall be required and established at a minimum width of 5 feet. Compliance with policies recommended by the Parks, Beaches, and Recreation Department, and adopted by the City Council, pertaining to parkways, shall be required. (1949 Code Section 9254.14 added by Ord. 650; October 8, 1951, as amended by Ord. (35; August 22, 1960.)
- h) Alleys. Minimum width shall be 20 feet in residential areas.

Park Dedication Standards

<u>Units/Gross Acre</u>	<u>Avg. # of Persons Per Unit</u>	<u>Acreage Per Unit</u>
Up to 6.5	3.75	0.0188
6.6 to 15.5	3.20	0.0160
15.6 to 25.5	2.10	0.0105
25.6+		

Formula: Average # of persons per unit x 5 acres/1000.

Example: A developer of a 50-unit garden apartment project with a density of over 25.6 units per acre would be required to dedicate 0.475 (about 1/2) acres of parkland.

PARK STANDARDS¹

<u>Type of Park</u>	<u>Group Served</u>	<u>Size</u>	<u>Area Served</u>	<u>Travel Conditions</u>	<u>Location</u>
Activity park	All Ages	Six to eight acres. Some existing activity parks are	One-half mile radius. Within walking distance	No primay street crossings	Adjacent to public schools when possible
Community association park	All ages	One to three acres	A specific community	None	Usually within a private or semi-private residential park
View park	All ages	One-half to three acres	Entire city depending on size and parking	None	On a bluff or near the water
Nature park	School Children through adults	Three to ten acres	Entire city	None	In a canyon or natural area
Bay beach	All ages	One to three acres	Local or entire city depending on parking	None	Adjacent to Bay waters

Table 83 (Con't.)

PARK STANDARDS

<u>Type of Park</u>	<u>Group Served</u>	<u>Size</u>	<u>Area Served</u>	<u>Travel Conditions</u>	<u>Location</u>
Play lot	Ages 2 to 8	City building lot	One-Eighth mile	No crossing of collector streets	High density areas where there is little or no yard space
Paseo	All Ages	Linear - 10 to 50	Community	Pedestrian and bicycles	Adjacent to arterial, secondary and neighborhood streets
Adopted Reaffirmed Reaffirmed Reaffirmed Reaffirmed Reaffirmed Reaffirmed Amended Amended Amended	- September 20, 1960 - August 30, 1966 - November 12, 1968 - November 12, 1968 - March 9, 1970 - February 14, 1972 - December 10, 1973 - February 25, 1974 - May 9, 1977 - June 13, 1977*				

1. The adopted park standard for Newport Beach is three to five acres per thousand population.

Source: City of Newport Beach Planning Department.

Hillside Development Standards

In order to ensure the preservation of natural topographic features within the city, the following criteria are used as general guidelines in the preparation and review of plans for any development on sloping land or near natural bluffs:

1. The proposed development should preserve the natural skyline and the significant topographic features of the site. Particular attention should be given to the number and distribution of structures, the design of the street system, and the location of open space.
2. The proposed development should protect and retain significant vegetation, particularly mature trees, on the site.
3. The proposed development should retain and create open space and view areas.
4. The proposed development should provide public access to view areas and other natural features.
5. The grading plan for the proposed development should address variable slope ratios and undulating slopes.
6. The proposed development must conform to all provisions of the Uniform Building Code on excavation and grading, including provisions for adequate setbacks from steep slopes, natural canyons, and natural bluffs in order to prevent structures from detracting from the visual character of these areas and in order to ensure the safety and stability of these areas.
7. The proposed development and grading plan should include specific provisions for the control of all surface and subsurface drainage from the site paying particular attention to the quality of water entering the bay and ocean. All on-site water shall drain to public relief areas without crossing private property unless written consent is obtained from adjacent owner.
8. The proposed development should retain the natural topography and should minimize successive padding and terracing of building sites.

Permit Process and Development Fees

The city's permit process is not perceived by developers to be a significant constraint to the production of housing. Zone change requests can be handled in as little as 60 days if no environmental impact report (EIR) is required. For those rezonings requiring an EIR, up to eight months may elapse until a decision is rendered, still well within the one-year time frame set by state law.

Conditional use permits and subdivision parcel maps can typically be approved in seven weeks, again provided that an EIR is not required. Planning Commission decisions on zoning change request, parcel maps, and conditional

use permits are final unless appealed within 21 days to the City Council or unless the City Council decides itself within 21 days to review the Planning Commission decision.

Table 84

PROCESSING TIME BY JURISDICTION

<u>Jurisdiction</u>	<u>G.P. Change</u>	<u>Zone Change</u>	<u>Tent Map</u>	<u>Final Map</u>
Newport Beach	5-6 months	2 months	2 months	6 weeks
Costa Mesa	3-5 months	2-3 months	4-6 months	1 month
Irvine	3-6 months	3-6 months	2 months	1 month
Huntington Beach	3-6 months	3 months	6 weeks	2 weeks
Fountain Valley	3-4 months	3-4 months	3-6 weeks	2-6 weeks
Laguna Beach	3-4 months	3-4 months	6 months	6 months
Orange County	13 months	3-4 months	4 months	N/A

Sources: The Planning, Community Development, or Environmental Management Departments of the above named jurisdictions.

Table 85

A COMPARISON OF PERMIT FEES

<u>Jurisdiction</u>	<u>Use Permit</u>	<u>Variance</u>	<u>Appeal Fee</u>
Newport Beach	\$640	\$640	\$240
Costa Mesa	\$25/comm \$50	\$25	\$12.50/comm \$25
Irvine	\$300	\$300	\$300
Huntington Beach	\$302	\$247	\$165
Fountain Valley	\$250	\$250	\$125
Laguna Beach	\$175	\$250	\$50
Orange County	\$560	\$310	\$115

Sources: The Planning, Community Development, or Environmental Management Departments of the above named jurisdictions.

Table 86

NEWPORT BEACH PERMIT FEES

Use Permit	\$ 640
Variance	640
Rezone	1,305
Modification Application	185
Planning Commission Appeal	450
City Council Appeal	240
Specific Plan Site Review	600
PRD Use Permit	3,020
Amendment	1,305
Community Plan Application	3,020
Amendment	1,305
Tentative Map	1,320 or \$45 per lot
Resubdivision	330
Offsite Parking Agreement	550
Coastal Residential Development Permit	750 or \$250 per unit
Feasibility Study for Coastal Permit	1,000-2,000
Coastal Conceptual Approval	22
Traffic Phasing Study	300
Residential Building Inspection	22
Sign Exception	220

Source: City of Newport Beach Planning Department, based on annual fee study evaluating actual time and cost for each type of permit.

In addition to the above fees, there is a \$240 charge for Planning Commission appeals and an EIR fee of 10% of the consulting fee charged to the City. All of the above fees may be waived for projects containing low and moderate income housing in the percentage that such units are provided in the proposed project.

The Building Permit Process

The Building Department of the city has recently undergone a number of changes in organization and procedures.

The Building Department is currently using the following codes:

- Uniform Building Code 1979
- Uniform Housing Code 1976
- Uniform Mechanical Code 1973
- National Electrical Code 1975
- Uniform Plumbing Code 1976

City code requirements exceed State standards in the following respects, all of which were determined to be reasonable and relatively inexpensive:

Building Code

- Requires pressure treated wood shingles rather than conventional "shake" to increase fire safety during wind-swept fires caused by "Santa Ana" wind conditions.
- Requires spark arrestors on all chimneys to increase fire safety during wind-swept fires caused by "Santa Ana" wind conditions.
- Requires erosion control measures during grading to minimize siltation and pollution of Upper Newport Bay Ecological Reserve.

Plumbing Code

- Requires non-combustible drainage, vent and rainwater piping to increase fire safety in densely populated areas.
- Requires 1" minimum water piping supply line to provide more volume and overcome low water pressure conditions that exist in Newport Beach.
- Requires drip pans under water heaters when a hazard to habitable areas exist.

Electrical Code

- Requires that aluminum wiring, if used, be a minimum size of #6 AWG, to increase dependability and fire safety.
- Requires undergrounding of conductors between structures on same lot to decrease hazard of electrical shock from physical contact.
- Requires same minimum wire sizes for garage and carports as main house for fire and safety reasons.
- Requires separation of lighting and receptacle circuits for fire safety.
- Requires single fusible switch or automatic circuit breaker for fire safety.
- Requires additional methods of grounding panels to prevent electrical shock.
- Requires continuity of conductors (pigtail) for fire safety.
- Requires that metal clad cable (BX) not be used in new construction for fire safety reasons.
- Restricts use of non-metallic sheathed cable as exposed wiring to prevent electrical shock.
- Restricts use of thin-walled metallic tubing where exposed to outside air or weather to prevent fire and/or electrical shock.
- Restricts use of flexible metal conduit where exposed to outside air or weather to prevent fire and/or electrical shock.

- Requires light switches rather than pull chains in closets to prevent electrical shock.
- Requires major appliances (garbage disposal, dish washer, washing machine, etc.) to be on separate circuits for fire safety reasons.

State Law requires that the most recent edition of the model codes be adopted at this time. The above named codes do not represent the most recent edition of the codes and the city is therefore not in compliance with state law. As a part of the current revisions to the departmental procedures, the codes will be updated to the state requirements.

The fee schedule of the building department is provided in the 1979 edition of the Uniform Building Code. This schedule is well accepted throughout the state and is generally believed to put a department on a "break even" basis with regard to revenues and expenditures.

STATE LEGISLATURE CONSTRAINTS

In recent years, the State Legislature has enacted numerous laws relating to land use planning and development. While these statutes serve a variety of laudatory social goals, they frequently require inconsistent local implementation activities, inhibit local discretion and flexibility in residential planning, and serve as constraints to the maintenance, improvement and development of housing for all income levels. An example is the State requirements regarding General Plans. In addition to a housing element, Newport Beach and other localities must also adopt elements relating to circulation, noise and seismic safety, to name a few. In its Noise Element, the city is required, among other things, to set forth mitigating measures and possible solutions to existing and foreseeable noise problems; given that the Orange County Airport flight path is over much of Newport Beach, and because a number of major roadways providing beach access run through the city, the city's required programs to mitigate the noise impacts from these factors necessarily constrains the development of housing adjacent to major thoroughfares and under the airport flight path. Likewise, the State mandated open space element, which must contain programs to conserve and preserve open space within Newport Beach, constrains housing development. Thus, while State mandated general plan elements serve important goals, they simultaneously impact upon the delivery of housing within Newport Beach.

Other State legislation restricts the city's discretion to plan the physical development within its boundaries. For example, State law mandates that the Newport Beach General Plan be consistent with an airport land use plan for airports adjacent to the city. Modification of the city's general plan to achieve consistency with airport land use policies necessarily restricts the city's discretion and flexibility in planning residential as well as non-residential development.

Public hearing requirements can also serve as a State legislative constraint to housing. State law mandates that public hearings be held prior to the approval of any land use entitlement, including general plan amendments, rezonings, tentative subdivisions, use permits and variances. While public hearings serve the important governmental purpose of permitting interested

persons the opportunity to voice their concerns and objections to proposed projects, public participation can both delay project approvals and result in project modifications. General plan amendments and planned community district regulations for the Beeco and North Ford parcels were modified and delayed as a result of citizen input received in the numerous public hearings which preceded these project approvals in 1982 and 1983, respectively. In addition, public hearings conducted on controversial projects often tend to politicize the planning process. Consequently, while State mandated public hearings on land use development proposals represent an important and tangible part of the local democratic process, they too have an impact upon the delivery of housing.

While numerous State statutes serve as governmental constraints, the legislation which has had the greatest impact upon housing and land use in Newport Beach relate to environmental quality and coastal policies.

THE CEQA PROCESS

The California Environmental Quality Act (CEQA) was enacted in 1970, and requires governmental agencies which propose to approve projects to undertake an analysis of the environmental impacts resulting from that project. California courts have interpreted CEQA to mean that virtually all land use and housing actions and regulations are projects which require environmental analysis prior to their approval by the governmental agency. This environmental review must describe the project and the resources affected by the project, including physical changes, alterations to ecological systems, health and safety problems caused by the proposed physical changes, changes in population distribution and concentration resulting from the project, and impacts upon other aspects of the resources, such as water, scenic quality and public services. Where significant and detrimental impacts are discovered in the environmental review process, measures must be proposed to mitigate them. Under certain circumstances, where detrimental impacts cannot be mitigated, the governmental agency must, if it wishes to approve the project, adopt a statement of overriding considerations to justify the project approval in light of the known environmental impacts.

The CEQA process undeniably preserves environmental resources by requiring all governmental agencies approving projects to weigh environmental concerns and sensitivities, and to consider project modifications which result in a lesser impact upon the environment. However, this environmental reporting and review process is not without cost, both in terms of time and money. The CEQA process can be a lengthy one, and project delays can increase costs to developers. Likewise, the financial cost to prepare the environmental documentation necessary to satisfy CEQA can be quite high, and traditionally is borne by the project applicant.

The CEQA process particularly affects Newport Beach, due to the rich natural resources in the area. Concern for the protection of natural resources within Newport Beach has in the past required, and will continue to require, modifications to the intensity of residential development and the design of projects in the city. Environmental issues which generally affect residential development in Newport Beach include:

- Sediment flows into the Upper Newport Bay, usually due to the denuding of development sites as natural ground covers are removed.
- Water pollution resulting from surface runoffs from subdivision streets, which waters flow into the Upper Newport Bay.
- Preservation of riparian habitats and archeological sites, and protection of endangered species of flora and fauna, on portions of many of the undeveloped parcels of vacant land in the city.
- Preservation of ocean views, which may require the limitation of building heights on specific areas.
- Reduction of air pollution caused in large part by traffic congestion on arterial streets and major roadways during the summer and holiday periods.

It should be noted that the city's environmental review process is responsive and well coordinated, and meets CEQA requirements. The review of this environmental reporting process for purposes of the preparation of this element illustrates that it is not excessive or overly restrictive, at least in terms of what is required by State law.

COASTAL ACT REQUIREMENTS

Another governmental constraint to the maintenance, improvement and development of housing in Newport Beach is the California Coastal Act of 1976. The basic goals of this State legislation are to protect, maintain, and, where feasible, enhance and restore the overall quality of the coastal zone environment; to assure orderly and balanced utilization and conservation of coastal zone resources; to maximize public access and public recreational opportunities in the coastal zone; and to assure priority for coastal-dependent and coastal-related development over other development in the coastal zone. Approximately 3800 of the 10,000 acres of land within Newport Beach (or almost 40% of the City's land area) is within the coastal zone and subject to the California Coastal Act of 1976.

The California Coastal Act of 1976 requires each municipality to prepare a Local Coastal Program, including a land use plan, for those areas of the City which are within the coastal zone, for submission to and certification by the California Coastal Commission. The Land Use Plan of the Newport Beach Local Coastal Program was adopted by the City on April 23, 1981, and certified by the California Coastal Commission on May 19, 1982. The Land Use Plan sets forth sensitive habitat areas and unique coastal resources, new development of visitor serving facilities and coastal dependent uses, and land use designations for residential, commercial, public (including semi-public and institutional), and industrial uses within the coastal zone. The Land Use Plan of the Local Coastal Program sets forth detailed regulations regarding the development of coastal bluffs, of areas where archeological, paleontological and historical resources are located, and areas affording coastal views, as well as policies which promote visitor serving and coastal dependent uses over all other uses within the coastal zone; these regulations and policies are binding upon the city. By its adoption by the City and certification by the California Coastal Commission, the land use plan of the

Newport Beach Local Coastal Program establishes land use designation for vacant sites within Newport Beach, as follows:

Table 87

LOCAL COASTAL PROGRAM LAND USE DESIGNATIONS
FOR VACANT LOTS WITHIN NEWPORT BEACH

<u>Site</u>	<u>Acres</u>	<u>LCP Land Use Designation</u>
Westbay	65	Approximately 40 acres of this site are designated for a mixture of low density residential (4 du/buildable acre) and Recreational and Environmental Open Space, with 75% of the units to be transferred to Newport Center; any development must protect environmentally sensitive areas. The remainder of the site, including a 6.4 acre dedicated park site, a 6 acre County-owned flood control parcel, and bluff-top easements, is designated Recreational and Environmental Open Space.
Eastbluff Remnant	8	Open Space (Low Density Residential, at 4 du/buildable acre, all units to be transferred to Newport Center).
Newporter North	88	Low Density Residential (4 du/buildable acre), with 25% of the allowable units to be transferred to either Newport Center or North Ford. Structures must be clustered to accommodate archeological and marsh sites, and environmentally sensitive areas must be buffered and protected.
Castaways	65	Retail and Service Commercial on five acres; low density residential, at 4 du/buildable acre, on 60 acres; any development must be designed and sited to protect and buffer environmentally sensitive areas.
Cal Trans East	25	Recreational and Environmental Open Space (Permitting expansion of Hoag Hospital facilities).
Bayview Landing	19	Recreational and Environmental Open Space and Retail and Service Commercial.
Mouth of Big Canyon	48.5	Recreational and Environmental Open Space.
Jamboree and MacArthur	2	Governmental, Educational and Institutional Facilities (public works reserve).

Buck Gully/Morning Canyon	49.07	Recreational and Environmental Open Space (to be preserved in a natural state).
Coast Highway/Jamboree	12	Recreational and Marine Commercial (office use may be permitted).

Source: The City of Newport Beach Planning Department.

Given that the Land Use Plan of the Newport Beach Local Coastal Program has been certified, the above land use designations may not be modified without the approval of the California Coastal Commission. Consequently, the City does not have complete authority to redesignate land uses on the 393 acres of vacant land described above.

In 1981, the California Legislature enacted S.B. 626 (Mello), which added Government Code Section 65590, eliminating certain provisions of the California Coastal Act which had required local coastal programs to include housing policies and programs; Section 65590 further mandates that coastal communities require both the inclusion of low and moderate income housing as part of new residential developments, and the replacement of low and moderate income housing eliminated as a result of the demolition of existing housing, within the coastal zones of those communities. On August 19, 1982, the Newport Beach City Council adopted Council Policy P-1, establishing administrative guidelines and implementation procedures to administer Section 65590 within the coastal zone areas of the City. Council Policy P-1 was subsequently amended on September 12, 1983.

Under Council Policy P-1, any person seeking to construct a housing project within the coastal areas of Newport Beach must, where feasible, provide and maintain a portion of the project units as affordable to low and moderate income families for a period of at least 10 years. In addition, any person seeking to demolish or convert structures containing three or more dwelling units must provide and maintain replacement housing units for low and moderate income families for a period of at least 10 years if the demolished units are located in the coastal zone and are, or within the preceding twelve months have been, providing housing to low and moderate income persons. Whenever feasible, new and replacement affordable units must be constructed on-site; alternatively, the affordable units may be constructed off-site and within three miles of the coastal zone, but within the boundaries of Newport Beach. Pursuant to Council Policy P-1, the construction, demolition or conversion of housing within the coastal zone may be accomplished only after the City issues a Coastal Residential Development Permit to the developer.

During the period from January 1, 1982, through April 1, 1984, four new housing developments were approved by the City under Council Policy P-1 for construction within the coastal zone. Of the 215 housing units within these developments, 33 units were required to be developed and maintained as housing affordable to low and moderate income persons pursuant to Section 65590 and Council Policy P-1. During this same period, the City permitted landowners to demolish two housing projects within the coastal zone. Of the 13 units demolished, five were occupied by low and moderate income persons. In so doing, however, the City required the developers and landowners to provide two units of replacement housing for low and moderate income persons; of the two

housing units required as replacement units, both were required to be provided on the original site as redevelopment occurred. A total of 24 housing units were approved for construction on the redeveloped sites. Thus, in this 28 month period, the city approved the construction of 239 units in new housing developments in the coastal zone, for a total net increase of 226 dwelling units, and net increase of 30 affordable to low and moderate income families.

IV. HOUSING PROGRAM/STRATEGY

In earlier sections of this element, the major characteristics of the Newport Beach housing market were identified, as were the principal constraints which interfere with the ability of the housing industry to respond to the housing demand and needs of Newport's population. Earlier discussions also centered upon unmet housing needs, as well as the powers and limitations of the city with respect to influencing the provision of housing.

A summary of the principal findings of earlier chapters is provided below:

Community Housing Market Analysis

Because of a strong employment base, well-planned residential neighborhoods, and an attractive coastal environment, Newport Beach is a community of intense demand for housing. There is inadequate supply, however, to satisfy that demand. As a result, housing costs are among the highest of any area in California.

There are also significant demographic factors which shape the Newport Beach housing market. Specifically, household sizes have decreased; the population of 65 years of age and older remains high; and a substantial increase is occurring within the 18-34 year old population category. In recent years, the housing production industry has responded to these household characteristics by marketing a higher proportion of multi-family units than is developed on a countywide or statewide basis.

Although housing costs are high in Newport Beach, incomes are also high for a large segment of the population. This fact, coupled with other indices, seems to suggest that housing affordability is being handled reasonably well by existing homeowners, low-income tenants who share housing expenses, and market rate households willing to allocate 30-35% of their incomes for housing. The greatest difficulty with regard to housing affordability is among new entrants to the ranks of homeownership and very low-income households, generally.

Housing Needs Assessment

As of 1983, the housing supply affordable to households in the low- and moderate-income categories has been and is currently sufficient to meet city demand. However, there is a slight deficiency of 145 housing units affordable to very low-income residents and a sizable shortage of 958 units in the upper income group. By 1989, 302 new units will be needed in the very low-income group, 254 new units in the low-income group, 306 new units in the moderate-income group and 958 new units in the upper income group.

Renters paying more than 25% of their income for housing constituted 54.5% of all renters while 35.2% of all renters paid over 35% of their income for housing. Homeowners paying over 25% of their income for housing constituted 34.7% of all owners while 22.7% of all owners paid over 35% of their income for housing.

Household at or below 80% of County median income paying more than 30% of their income for housing totaled 3,924. Of these households 2,325 were below 50% of the County median household income and 1,599 were between 50% and 80% of the County income. Of the original 3,924 households, 760 were owners and 3,164 were renters. The 3,164 renter households were divided into 1,835 very low-income households, below 50% of County median household income, and 1,329 low-income households, between 50% and 80% of the County income. Of the 760 homeowners, 490 were very low-income and 270 were low-income.

Approximately 320 of the nearly 32,000 housing units in the City were substandard. Only three areas of the City contain slight concentrations of substandard housing. Five and one-tenth percent of all housing units on Balboa Peninsula were in substandard condition, while 2.5% and 2.6% of all units on Balboa Island and in Newport Heights (Statistical Area H) respectively, were in substandard condition.

Governmental and Market Constraints

There are five principal factors which impede the ability of the city and the housing industry to satisfy identified housing needs. They are as follows:

1. Land Availability

It is estimated that there are only 152.48 acres of buildable, residentially-zoned land in Newport Beach (this does not include land currently being developed or being processed for development). All vacant, non-committed gross acreage totals 305 acres, or 3.4% of the total acreage in the City. In effect, Newport Beach is rapidly approaching its residential land development capacity ("build-out").

2. Housing Finance

The economy, in general, and the housing finance sector, in particular, are experiencing substantial disruptions. A high rate of inflation, confusion about mortgage instruments, a shortage of mortgage capital, and high interest rates are the conditions which characterize the housing market over the past three years. With the deregulations of financial institutions and the increasing use of mortgage-backed bonds, capital for home loans should be available to meet the demand for such loans, but at continued high interest rates.

3. Fiscal Considerations

As the number of households that are unable to participate in the housing market without governmental assistance increases, the amount of public resources available to assist those in need is on the decline. At

the federal level, budget cuts have curtailed federal expenditures for housing assistance programs. At the state level, few forms of assistance are available, and those which are on the books are burdened with program deterrents and fiscal limitations. Local tax-exempt bond financing should be available through 1988. At the local level, the effects of the 1978-79 tax revolt in California are evidencing themselves, as local jurisdictions, including Newport Beach, weigh which programs to eliminate; new programs, however worthy, cannot be undertaken in such a fiscal atmosphere.

4. Land Costs

The cost of land in Newport Beach is extremely high. On two recent projects, land costs ranged from \$62,500 to \$202,500 per unit, with an average of \$87,800 per unit. The cost of land becomes a very significant component of development expenses, and reduces the developer's flexibility in producing all housing product types.

5. Environmental Considerations

The proximity of Newport Beach to the beach and the Upper and Lower Bays causes environmental considerations to emerge. The location of the city - surrounding 1,216 acres of bay and bordering 6.1 miles of ocean beaches - makes it a popular recreational site for tourism, which increases traffic congestion in the area as well as the regional demand for recreational and commercial facilities. The coastal access issue and concern for preservation of the coastal environment, including wetlands, riparian areas, and archaeological sites, limits the extent to which housing can be produced. Therefore, major increases in residential densities are not housing development alternatives available to the city. Additional discussion of environmental constraints is provided in the Environmental Constraints Section of Part III of this document.

Housing Goals, Policies and Objectives

The city's goals for housing are formulated around a two-fold purpose. First, the physical and visual character of the city's residential neighborhoods are the key to the provision of a quality living environment. Therefore, one city goal is:

1. To promote quality residential development through the application of sound planning principles, and through policies which encourage preservation, conservation, and appropriate redevelopment of the housing stock.

Secondly, the city's housing stock must provide for the housing needs of all present and future residents of the city. Market forces have increasingly identified Newport Beach as an upper-income housing market. Therefore, it is a city goal to encourage diversity in the housing stock, through development of all types and designs of housing for all economic segments of the community, and through the preservation of the housing stock, where appropriate, to serve an economically diverse community. In this regard, city goals are:

2. To provide a balanced community, with a variety of housing types and designs and housing opportunities for all economic segments of the community: very low- and low- income as well as moderate- and upper-income households.
3. To extend ownership opportunities to as many households as possible, particularly those of moderate and upper incomes. This is where the greatest demand is projected.
4. To preserve and increase affordability, through rental housing, for very low- and low- income households.

The four basic policies which describe the city's role in the attainment of these goals are as follows. The city's role will include:

1. Enabling private industry to function more effectively, as a result of constraints being eliminated, wherever feasible, and allowable density being increased.
2. Providing governmental cooperation and leadership to assist the industry in producing a variety of product types and uses that are most responsive to the emerging demography of the community.
3. Providing incentives and direct assistance to industry, within the limitations of available resources, to facilitate the provision of housing for very low-, low- and moderate-income households.
4. Providing incentives and direct assistance to property owners, within the limitations of available resources, to facilitate the rehabilitation of the existing housing stock.

Program Objectives

The city acknowledges its responsibility to adopt a housing element consisting of "standards and plans for the improvement of housing and for provision of adequate sites for housing." In addition, the city recognizes that its housing element must "make adequate provision for the housing needs of all economic segments of the community" (Section 65302(c) of the Government Code). It is within the context of this general mandate, and the community assessments which have been discussed previously, that the following housing program objectives are adopted, responsibilities are assigned for implementing those objectives and target dates are established for undertaking the various activities outlined.

A. Objective 1: To promote and facilitate the improved capability of the private housing industry to produce and provide housing for the population of the city.

1. Finding: The production and provision of housing is primarily a private sector activity. Although government has a significant effect on certain aspects of the housing delivery system, there are definite limitations on the positive contributions which government can make in this field. In fact, the contention has often been made that government has a greater capability to negatively influence the housing market than to do otherwise; this results essentially from its regulatory powers affecting land use and development review.

Various segments of the community have acknowledged that the housing market has entered a difficult period of readjustment, and that one of the components of the housing delivery system which will require continuing assessment and revision is the role of city government in the housing market, consequently, it is apparent that a device must be established to better enable the city to monitor activities of the housing market, and to be responsive to the need for governmental actions which will improve the efficiency and effectiveness of that market.

2. Implementation Plan: The Advance Planning Administrator is assigned the responsibility of continually monitoring the housing delivery system. The primary approach to be utilized shall involve this staff member maintaining liaison with major segments of the housing industry - developers, realtors, and lenders, for example - and when appropriate submitting a housing report to the City Council outlining the basic needs of the industry, and recommending actions to be taken by the city to assist the industry in meeting its objectives. This staff member shall also attend initial conferences with developers prior to the formal submission of residential development proposals, in order to explain local and state planning regulations which may impact on the proposed development; during this initial conference, the staff member will work with the developer to increase the efficiency of the review process with respect to that development proposal.
3. Target Dates: Housing reports regarding proposed residential projects shall be submitted to the City Council when appropriate. Project proposal conferences shall be held as residential development proposals are brought to the attention of the Planning Department.

4. Responsible Official/Agency: City Advance Planning Administrator.

B. Objective 2: To participate in an energy assistance grant program to encourage owners of rental property to install energy conservation devices.

1. Finding: Energy costs represent a substantial and growing percent of the total housing cost for renters. Most older units have few or no energy conservation devices. Monthly energy costs for a two-bedroom apartment can be \$60 or more. If owners of rental property could be encouraged to install energy conservation devices, the resulting savings to renters could substantially increase the affordability of housing in Newport Beach.
2. Implementation Plan: The City of Newport Beach will seek to participate in the California Energy Commission's energy technical assistance program either through a direct application or through a local "umbrella" group that will conduct energy conservation seminars.

This program is oriented toward the smaller owners of rental property (10 units or fewer or 5 units or fewer per property) and seeks to assist property owners in identifying and arranging sources of financing for energy conservation measures. It is anticipated that the assistance would be in the form of an energy-consultant type of service.

The City would also work to monitor the level of energy savings resulting from the program's conservation measures.

3. Time Frame: Within 60 days of the adoption of this element the City shall prepare an application or work with an existing group that has received a grant for this program.
 4. Responsible Official/Agency: Planning Department.
- C. Objective 3: To promote the development of an increased level of new housing production, consistent with sound planning and environmental standards.
1. Findings: A major problem confronting the housing market and communities throughout the state is the fact that total housing production is occurring at a level that is less than necessary to satisfy the needs of the community. This "shortfall" in production has created a housing shortage with many adverse effects, not the least of which are low vacancy rates, higher prices, and less consumer choice in housing opportunities.

While the volume of housing production is primarily determined by national economic conditions, a fact over which local governments have no control, there are several actions which a local jurisdiction can take to stimulate increased production within its boundaries, assuming suitable economic conditions exist.

Among the usual techniques utilized by local governments to influence residential development are land use policies and development standards. While land use policies, generally, either frustrate or facilitate housing development (depending on the nature of such policies), it appears that development

standards and project reviews associated with those standards have a much more limited effect. Put another way: it is reasonable to expect that local governments can influence the rate of development through their adoption and enforcement of land use policies; it is less reasonable, however, to draw a similar conclusion with regard to the adoption and enforcement of development standards. The effect of such standards is more directly related to housing costs and design, not rates of development.

The most direct and significant action which the City can take to improve the supply/needs imbalance is to increase the allowable residential density of development within the City, consistent with applicable fiscal and environmental considerations. The policy of allowing increased residential density is only meaningful, however, when it is applied to specific sites within the City. Since the adoption of the Housing Element as General Plan Amendment 81-1(H) on September 28, 1981, the Planning Commission and City Council have held General Plan Housing Element Implementation hearings which have resulted in the approval of the following Land Use Element amendments and rezonings (through the adoption or amendment of Planned Community District texts), with respect to residential densities:

Table 88

PARCELS WITH INCREASED RESIDENTIAL DENSITY

<u>General Plan Amendment</u>	<u>Adoption Date</u>	<u>Parcel</u>	<u>Prior Resid. Density</u>	<u>Approved Resid. Density</u>	<u>Increase</u>	<u>Zoning Entitlement</u>	<u>Adoption Date</u>
81-1	03/12/82	Mobil/ Armstrong	226	406	+180	Ord.# 82-03	03/12/82
81-2	05/09/83	Cal Trans West	0	152	+152	Ord. # 83-20	05/09/83
81-2	05/09/83	Fwy. Rsv. W. 0 -- Big Canyon Area #16		80	+ 80	Reso.# 84-23	03/26/84 84-23
82-1	10/24/83	North Ford/ San Diego Creek So.	120	888	+768	Ord.# 83-25	10/24/83
82-2 (b)	10/24/83	Aero. Ford Area #8 -- Belcourt	33	168	+135	Reso.# 93-110	10/24/83
83-1 (e)	10/24/83	Newport Center	704	1,132	+428	Ord.# 83-27	10/24/83
TOTAL:			1,083	2,826	+1,743		

Source: The City of Newport Beach Planning Department.

The City has also rezoned the "West Newport Triangle" area consistent with the land use designation adopted by General Plan Amendment 80-2. G.P.A. 80-2, which was adopted on September 22, 1980, increased the allowable residential density within the West Newport Triangle from 15 to 20 dwelling units per acre. On April 11, 1983, the City Council adopted Ordinance No. 83-19, rezoning the West Newport Triangle to 20 units per acre, consistent with G.P.A. 80-2.

Given the fact that the vast majority of developed land within Newport Beach is either developed or committed to development, one way in which the City can actively encourage and facilitate the development of additional residential supply uses is by permitting new housing uses on lots where housing units already exist. The concept has been recognized by the California Legislature in the enactment of Government Code Section 65852.2, authorizing "second units" under certain circumstances in residentially designated zones.

Older beach areas of the City were zoned, subdivided and developed prior to the adoption of the Newport Beach General Plan. These older areas of the community, which have been developed at the City's highest residential densities, represent a major source of rental housing in Newport Beach and provide a significant supply of housing affordable to low and moderate income families. There are many underdeveloped areas in the City where the General Plan and Zoning (R-2, R-3, R-4) permit residential densities in the range of 36 to 54 du's per buildable acre.

2. Implementation Plan: The following activities shall be undertaken in support of this objective:
 - a. The City shall maintain an inventory of undeveloped sites identified as adequate sites which have been made available through appropriate zoning and development standards and with public services and facilities needed to facilitate and encourage the development of a variety of types of housing for all income levels. Currently, this inventory is comprised of the following sites:

Table 89

UNDEVELOPED RESIDENTIAL SITES INVENTORY

<u>Parcel</u>	<u>Site Area (Acres)</u>	<u>Estimated Buildable Acreage</u>	<u>General Plan/Zoning Designation</u>	<u>Approved Resid. Density</u>	<u>Miscellaneous</u>
Westbay	65.0	33.84	Mixed: Low Den.; Rec. and Enviro. Op. Sp./P-C	40	Environmental, coastal, archeo- logical, and noise constraints
Newporter North	88.0	58.24	Low Den- sity/P-C	212 (est.)	Environmental coastal, arche- ological, and noise constraints
Castaways (resid.)	60.0	34.8	Low Den- sity/P-C	151 (est.)	Environmental, coastal, paleo- tological, and noise constraints
Fwy. Rsv. W. -- Big Canyon Area #16	10.9	8.7	Medium Den- sity/P-C	80	8 Low and Mod. income units
Cal Trans West	13.6	10.16	Multiple Family/P-C	152	45 Low and Mod. income units
Mobil/ Armstrong (resid.)	45.2	28.0	Multiple Family/ P-C	406	Low and Mod. income units to be determined at subdivision stage (41 estimated)
North Ford/ San Diego Creek So. (resid.)	79	65.57	Multiple Family/P-C	888	222 Low & Mod. income units
Newport Center	37.9	28.2	Low Den- sity and Multiple Family/P-C	933	150 Low and Mod. income units
TOTAL:	399.6	267.51		2,862	

Source: The City of Newport Beach Planning Department.

- b. The City of Newport Beach shall conduct General Plan Amendment Hearings and/or rezoning hearings to consider increased residential densities on the following sites:

Table 90

RESIDENTIAL SITES FOR INCREASED DENSITY CONSIDERATION

<u>Parcel</u>	<u>Site Area (Acres)</u>	<u>Estimated Buildable Acreage</u>	<u>General Plan/Zoning Designation</u>
Fifth Ave. Parcel	13.2	10.0	Low Density Residential/R-1-B
Marguerite Parcel	9.6	6.8	Low Density Residential/R-1-B
Fifth & MacArthur	6.4	5.64	Low Density Residential/P-C
TOTAL	<u>29.2</u>	<u>22.44</u>	

Source: The City of Newport Beach Planning Department.

The hearings shall be conducted in conformance with the Planning and Zoning Law, California Government Code Section 65356.1. Necessary environmental documentation shall also be prepared, as required by the California Environmental Quality Act.

- c. The Planning Commission shall continue to conduct public hearings to determine which if any of the remaining non-committed sites will be appropriate for increased levels of allowable density without engendering adverse environmental, infrastructural and related conditions.
- d. The City shall utilize Government Code Section 65852.2 to govern the construction of "second units." Planning Department staff shall monitor "second unit" activity and report its findings to the City Council. Based on these findings, the Planning Department shall make recommendations regarding the regulation of "second units."

3. Target Date:

- a. Ongoing.
- b. The General Plan Amendment hearings identified in 2b shall be conducted by January 1, 1985.
- c. Public hearings shall be conducted within nine months after the completion of the General Plan Amendment hearings

described in 2b above, and recommendations for further action shall be submitted to the City Council within six months after the completion of the public hearings.

- d. The first report shall be completed for the May 14, 1984 Council Meeting.

4. Responsible Official/Agency:

- a. Planning Department; City Council.
- b. Planning Commission; City Council.
- c. Planning Commission.
- d. Planning Department; City Council.

- D. Objective 4: To encourage, wherever feasible, mixed use development that achieves a balance between residential and appropriate commercial/industrial activities.

- 1. Finding: There is evidence that development patterns which segregate housing from places of work contribute to increased traffic problems, automobile fuel consumption, and fiscal demands on local governments. Moreover, such patterns may directly impact housing affordability, to the extent that they enhance or diminish the relationship between jobs and housing opportunities of the given labor force.

It is recognized that the consumer is the ultimate judge of which development patterns are most preferable; this is the principle of supply and demand operating in its purest form. There is little that local government can or should do to influence where its citizens choose to live. It is indisputable, however, based on housing marketing studies, that consumers are showing an increasing preference for housing opportunities that are in close proximity to their employment. The basis of this tendency are higher fuel costs and the psychological frustrations of commuting.

It is appropriate for the City to evidence its support of development patterns which mix residential and commercial/industrial uses to encourage such patterns, as a policy matter, when it is feasible to do so. The City has a Commercial-Residential Zoning District (Newport Beach Municipal Code, Chapter 20.33) which provides for a mixture of commercial and residential uses. This Zoning District is utilized on small parcels in appropriate locations throughout the community. The General Plan and the Planned Community zone (Newport Beach Municipal Code, Chapter 20.51) are used on larger parcels to accomplish mixed use development.

One example of balancing residential and non-residential uses on the same site is Newport Center; existing residential units and land use approvals permit the development of 1,132 residential units in Newport Center, together with office, commercial, theater and cultural uses, within the Newport Center complex. The City also encouraged mixed use development on the Beeco site in West Newport Beach. Subsequent to the adoption of the housing element as General Plan Amendment 81-1(H), the City amended the Land Use Element designation for this 75 acre parcel from low density residential (226 dwelling units) to a mix of medium density residential (406 dwelling units), industrial and office uses.

2. Implementation Plan: In major projects involving commercial and industrial uses, the City shall encourage wherever feasible, the development of housing that is geared to the affordability range of the projected labor force.

3. Time Frame: Ongoing.

4. Responsible Official/Agency: Planning Department.

E. Objective 5: To achieve an appropriate balance between employment and housing.

1. Finding: Employment population and housing supply are the principal factors to be considered in assessing the growth of Newport Beach. These factors are interrelated; they influence each other as well as the overall character and magnitude of growth in Newport Beach.

Orange County experienced phenomenal growth in employment during much of the 1970's. Newport Beach was a leader in the county's emergence as a major employment market. Employment development proceeded, however, with little attention being given to its relationship to and impact upon housing supply and affordability.

The lack of attention to the correlation between employment and housing is the principal factor creating the jobs/housing imbalance that characterizes certain regions of California. The imbalance in Newport Beach is not only one of an absolute shortage of housing, it is also an imbalance in terms of the existing housing supply and its price accessibility to the labor force. The clear lesson to be learned is that local governments must more properly plan for housing.

While it should not be the city's objective to slow the economic growth of the region, it is important that such growth be placed in a rational planning context and that housing needs be a major part of that context. Housing impact should be a fundamental city concern regarding major proposed commercial/industrial projects.

Two land use approvals granted by the City subsequent to the adoption of the housing element as General Plan Amendment 81-1(H) illustrate recent efforts to achieve an appropriate balance between employment and housing. By the adoption of the General Plan Amendment 82-1, the City increased the allowable residential development on the North Ford site from 120 to 888 units, of which at least 222 units must be affordable to households of low and moderate income. The increased residential density on the North Ford site is expected to provide housing opportunities for employees in the office, commercial and industrial areas adjacent to the North Ford site. Likewise, by the adoption of General Plan Amendment 83-1(e), the City increased the allowable residential development within Newport Center from 704 to 1,132 units of which 150 units of the additional 428 units must be affordable to low and moderate income households. These units are expected to provide housing opportunities for a variety of employees who work in the office and commercial facilities within the Newport Center complex.

2. Implementation Plan: The Planning Commission and the developer of proposed major commercial/industrial projects shall assess the housing impact of such projects during the development review process. Prior to project approval, a housing impact assessment shall be developed by the city, with the developer's active involvement. Such assessment shall indicate the magnitude of jobs to be created by the project, where housing opportunities are expected to be available, and what measures - public and private - are necessary, if any, to ensure an adequate supply of housing for the projected labor force of the project.
 3. Time Frame: Ongoing.
 4. Responsible Official/Agency: Planning Commission.
- F. Objective 6: To encourage the housing development industry to respond to the housing needs of the community as well as the demand for housing as perceived by the industry.
1. Finding: While the concept of "community planning" implies a governmental role in land development decision-making, the basic decisions about housing have traditionally been considered the exclusive province of private industry. The role of local government has been viewed as one of protecting the environment and ensuring compliance with community development standards. The typical expression of this role is to "preserve the character of the community."

It is obviously the responsibility of the city to perform the functions described above. The city recognizes, however, that "preserving the character of the community," in a strict sense, may result in a development posture that resists change and responsiveness to emerging situations. The city seeks to avoid a planning process that is static and inflexible to changing needs and market demand.

The city hereby acknowledges its responsibility to actively participate with the housing industry in determining the type of development which is most appropriate for the community. This approach, often called "negotiated development", has the potential to yield housing products and prices that respond to community needs, instead of solely demand. "Negotiated development" should be used judiciously, however; it should not unreasonably prolong the development review process and it should not superimpose the local government perception of need unreasonably on private industry.

"Negotiated development" is not to be confused with "inclusionary housing". Negotiated development does not mandate a fixed product mix for all residential projects, but rather, includes a negotiation stage within the development review process. Negotiated development gives the City discretion in suggesting when and where low- and moderate-income housing is desirable. During negotiations, the city's housing goals are presented, and development incentives are offered. Since the City can not require production of any project that is not financially feasible, the developer determines whether or not the city's low- and moderate-income housing requirements and incentives will result in a financially feasible project. If the developer provides the City with sufficient information showing that the project is not financially feasible, negotiations are continued until an acceptable project is proposed. The city may elect to transfer low- and moderate-income units to other sites. The process of negotiation and site transfer is particularly amenable in Newport Beach because most vacant residential sites are held by one landowner.

Since the adoption of the General Plan Amendment 81-1(H) on September 28, 1981, the City has engaged in negotiated development with landowners requesting Land Use Element amendments, subdivision approvals, and/or rezonings to increase allowable residential density on their properties. The result of negotiated development on these projects is set forth as follows:

Table 91

LOW AND MODERATE INCOME RESIDENTIAL PARCELS

<u>Parcel</u>	<u>Prior Resid. Density</u>	<u>Land Use Entitle- ment</u>	<u>Date</u>	<u>Apprvd. Resid. Density</u>	<u>Incrse.</u>	<u>Low & Mod Income Units</u>	<u>% Low and Mod.</u>
Mobil/ Armstrong	226	GPA 81-1	03/12/82	406	+180	41(est)	20
Fwy. Resv. W. -- Big Canyon Area #16	0	GPA 81-2	05/09/83	80	+80	8	11
Cal Trans West	0	GPA 81-2	05/09/83	152	+152	45	30
Aero. Ford Area #8 -- Belcourt	33	GPA 82-2 (b)	10/24/83	168	+135	33	20
North Ford	120	GPA 82-1	10/24/83	888	+768	222	25
Newport Center	704	GPA 83-1 (e)	10/24/83	1132	+428	150	13
Allred	0	Tr 11935	06/13/83	50	+50	5	10
Morgan -- Sea- shore Townhomes	0	Tr 11906	06/27/83	17	+17	2	12
Big Canyon Area #10	32	Tr 10814	12/12/83	21	---	2	10
Wale	7	Tr 12035	01/23/84	10	+3	1	10
Morning Cnyn. Rd.	6	Tr 12709	02/13/84	14	+8	1	7
Gfeller -- Carnation School Project	0	GPA 83-2 (a)	03/12/84	41	+41	4	10
TOTAL:	<u>1,128</u>			<u>2,979</u>	<u>+1,872</u>	<u>514</u>	<u>17%</u>

Source: The City of Newport Beach Planning Department.

2. Implementation Plan: The following activities shall be undertaken in support of this objective.

- a. The City of Newport Beach shall take all feasible actions, through the use of development agreements, expedited review of subdivision approvals, and expedited processing of grading, building and other development permits, to encourage the construction and occupancy, at the earliest practicable opportunity, of the low and moderate income housing units approved for development on Cal Trans West, Big Canyon - Area 16, North Ford, Belcourt, Newport Center, Allred, Morgan, Wale, Morning Canyon, Gfeller and all other projects upon which low and moderate income units are approved pursuant to this Objective 6.
- b. Given the considerations of proper general planning, the California Environmental Quality Act, project location, size, incentives, and government financial assistance, the Planning Commission, in proposed developments of 10 or more units, shall continue to allocate, where feasible, at least 10% of the annual production to housing affordable to City and County low and moderate income households.

Through the negotiated development process at least 10 - 51% of the total units in a residential project shall be affordable to low and moderate income households, either on or off site. The percentage of low and moderate income units and their proportionate mix within a development shall be determined by project location, size, incentives, and government financial assistance. These units may be rental or ownership at the option of the property owner/developer. Depending on project location, size, incentives, and government financial assistance the City may also make requirements for residential units above the moderate income level to ensure that housing is being provided for all income levels.

Affordable shall mean that the rental expense, contract rent, or the ownership expense including principal, interest, taxes, insurance, utilities and homeowners dues less income tax savings shall not exceed 30% of gross income for the very low- and low-income groups, 33% for the moderate-income group and at market rates for the upper-income group.

The maximum allowable rent or selling price (on an ownership units) established by the following standards, assumes a three bedroom unit. These maximums will be adjusted downward by 5% in the case of a two bedroom unit, and 10% in the case of a one bedroom unit.

For purposes of defining income groups, the following percentages shall be applied to the prevailing City or County median family income.

Very low income group - 0 - 50% of Median family income

Low income group - 50 - 80% of Median family income

Moderate income group - 80 - 120% of Median family income

Upper income group - 120% + of Median family income

To the extent feasible, these units shall be allocated in accordance with the following criteria:

- (1) Residential developments with development incentives and without government financial assistance that provide low- and moderate-income rental units shall provide 10 - 30% of the total project units in the following proportions for a minimum of ten years.

70 - 100% affordable to City low income

0 - 30% affordable to County low income

- (2) Residential developments assisted with tax exempt mortgage revenue bond financing that provide low- and moderate-income rental units shall provide 20 - 30% of the total project units in the following proportions for a minimum of ten years or the term required by the Bond Program whichever is greater. Low- and moderate income units in excess of 20% shall be required only when development incentives are granted.

70 - 100% affordable to County low income

0 - 30% affordable to City very low income

If the City very low income standard exceeds the County low-income standard, 100% of the low and moderate income units shall be affordable to County low-income.

- (3) Residential developments assisted with CDBG funds that provide low- and moderate-income rental units shall provide at least 51% of the total project units in the following proportions for a minimum of ten years. Additional development incentives may be provided in addition to the CDBG funds.

70 - 100% affordable to County low income

0 - 30% affordable to City very low income

If the City very low income standard exceeds the County low-income standard, 100% of the low and moderate income units shall be affordable to County low-income.

In addition, a portion of these units shall be required to meet Section 8 income limits in order to satisfy the City CDBG Housing Assistance Plan goals. The number of "HAP" units shall be determined by the proportion of CDBG funds expended on the project.

- (4) Residential developments with development incentives and without government financial assistance that provide low- and moderate-income ownership units shall provide 10% - 30% of the total project units in the following proportion for a minimum of ten years.

20 - 60% affordable to City Moderate income

40% affordable to City Median income

0 - 40% affordable to County Median income

- (5) Residential developments assisted with tax exempt mortgage revenue bond financing that provide low- and moderate-income ownership units shall provide 20% - 30% of the total project units in the following proportions for a minimum of ten years or the term required by the Bond Program, which ever is greater. Low and moderate income units in excess of 20% shall be required only when development incentives are granted.

0 - 33% affordable to City moderate income

67 - 100% affordable to County moderate income

If the City very low income standard exceeds the County low income standard, 100% of the low and moderate income units shall be affordable to County low income.

- (6) Residential developments assisted with CDBG funds that provide low- and moderate-income ownership units shall provide at least 51% of the total project units in the following proportions for a minimum of ten years. Additional development incentives may be provided in addition to the CDBG funds.

100% affordable to County low income

- c. In projects where government funding is not available or acceptable to the developer, and planning considerations and/or physical constraints do not permit sufficient incentives to achieve low- and moderate-income units as described in b1 through b6, up to 10% of the total project units may be required as City low- and moderate-income units.

3. Time Frame:

- a. Program 6a: On-going.

- b. Program 6b: On-going.
- c. Program 6c: On-going.
- 4. Responsible Official/Agency:
 - a. City Council; Planning Department.
 - b. Planning Commission.
 - c. Planning Commission.

Objective 7: To promote and assist in the development of housing for low and moderate income households.

1. Finding: For a variety of reasons, the private housing market does not provide an adequate choice of affordable housing opportunities for low and moderate income households. Such opportunities are not available in the supply of new housing construction, and they are becoming increasingly less available as a result of the "filtering process" - the traditional process by which older housing is "handed down" to households of lower incomes. The underlying premise of this process is that the upward mobility of middle and higher income households triggers the release of their housing, upon their purchase of new housing, to households of lower incomes. The validity of this concept weakens considerably in housing markets where there is intense higher income demand and extreme shortage. Newport Beach is such a market.

If the housing needs of low and moderate income households are to be adequately addressed, in most housing market areas of California, it will be necessary for local governments to design and implement a comprehensive strategy for achieving this objective. This strategy must not only seek to guide and encourage the private market to respond to the needs of low and moderate income households, it must provide a framework for the judicious, affirmative, and cooperative use of local regulatory powers to achieve such objective.

While it is clear that local government must affirmatively use its powers to help provide for the housing needs of lower income segments of the community, it is not clear at what point local government can intervene in the housing market without causing serious disruptions in the marketplace.

The factor of project size in determining the appropriate "threshold" for government regulation is well-established. In addition to the examples cited by the Coastal Commission, there are countless other federal, state, and local incidences where the imposition of government regulation is withheld because the small size of the project makes it incapable of absorbing the impact of the proposed regulation.

The "economies of scale" principle, which holds that small size new construction projects should be treated differently in the face of certain governmental regulations, does not dissipate once new construction is completed. The inability to absorb the impact of government regulations which may require the provision of private market housing "subsidies" is no less for the owner of an existing project than for the developer of a new one. In fact, the builder may be able to redesign the project or utilize government incentives to mitigate the adverse effects of regulations; the owner of existing units has no such options.

Governmental efforts to provide housing for low and moderate income households through the regulation of private property, such as rent control, inclusionary housing programs, and prohibitions on the conversion of rental units to ownership, have one thing in common: they attempt to control housing prices within the private market. Regardless of the social or political merits of such efforts, they are not without economic consequences.

In housing markets of extreme shortage and intense demand, conditions which exist in most coastal communities, any governmental efforts to benefit one segment of the community are likely to adversely affect another. To illustrate: rent controls may result in affordable housing for renters, but they may also result in financial hardship for property owners. Inclusionary housing programs may provide affordable housing for low and moderate income households, but such programs may also reduce developers' profits, and increase housing costs for households that do not qualify for the inclusionary units. Ironically, such programs may benefit low income households and diminish housing opportunities for moderate income households, and vice versa, at the same time.

Policies restricting changes in housing tenure, such as the conversion of rentals to ownership, may preserve affordable rental housing for some low and moderate income households, but such prohibitions may also limit ownership opportunities for low and moderate income households who are capable of entering the housing market through the conversion process, and who would benefit from ownership as a result of the tax policies which favor ownership.

In short, governmental efforts to tinker with the housing market will beneficially affect some, and negatively affect others. Unfortunately, the issues of who will be affected, and the extent of the effect, cannot always be determined at the time governmental regulations are adopted. It is therefore incumbent upon the adopting unit of government to make every attempt to anticipate consequences, to proceed cautiously, and to balance or mitigate any anticipated detrimental effects. This shall be the overriding policy governing all attempts by the City to provide housing for all economic segments of the community.

Federal financing and subsidy programs have been used in the City of Newport Beach since the mid 1970's. The City of Newport Beach used Community Development Block Grant funds to acquire land and construct a senior citizen center to provide services for a large identifiable lower income segment of the community needing services not otherwise provided.

Since the adoption of the Housing Element as General Plan Amendment 81-1(H) in 1981, the Planning Commission and City Council have held General Plan Implementation hearings which have resulted in the formation of the Housing Task Force on Government Funding. The City Council and Housing Task Force identified the use of Community Development Block Grant Funds as a source of assistance for low and moderate income households within the Community, and determined to apply for Community Development Block Grant funds in August of 1982. The City has also received Community Development Block Grant funds for fiscal year 1983-84, as well as an additional CDBG entitlement pursuant to special Congressional legislation. The Community Development Block Grant funds which have been allocated to the City of Newport Beach, comprising approximately \$1.2 million as of the spring of 1984, will be used to develop new housing within Newport Beach for low and moderate income persons.

In addition to being identified as sites for increased residential densities, the North Ford, Cal Trans West and Newport Village sites have been approved as sites containing significant amounts of housing affordable to low and moderate income households. As a result of the adoption by the City Council of General Plan Amendments 81-2, 82-1, and 83-1(e), a minimum of 417 dwelling units affordable to low and moderate households have been designated for development on the Cal Trans West, North Ford and Newport Center sites.

Since 1977, the City of Newport Beach has worked in cooperation with the Orange County Housing Authority, which is the locally delegated governmental agency authorized to administer the federally-funded Section 8 Rent Subsidy program in most areas of Orange County. The Section 8 Rent Program subsidizes rental payments for low and very low income households. The Section 8 Program currently subsidizes 30 low income renters in Newport Beach, approximately 75% of whom have very low incomes. At the urging of the City of Newport Beach and Orange County Housing Authority, the United States Department of Housing and Urban Development acted in 1982 to increase the maximum allowable rents against which Section 8 rent subsidies may be applied, thereby increasing the availability of Section 8 usage in Newport Beach. There has been a 30% increase in utilization of the Section 8 Federal Rent Subsidy Program within Newport Beach since the adoption of the Housing Element.

The City of Newport Beach and a non-profit corporation made a cooperative effort to construct a senior citizen housing project of 101 units for low and moderate income households. The City made the project possible by amending its Zoning Code to include senior citizen housing as an institutional use. The parking standards were relaxed and all in-lieu fees were eliminated. The non-profit corporation received a low interest Section 202 construction loan from the Federal Government. This senior citizen housing project, which was developed at a density of 44.9 units per acre, was completed in July of 1982. The 101 tenants of the project receive Section 8 rental assistance to reduce their rental costs.

Pursuant to the housing element, the City of Newport Beach voted in April of 1983 to participate with the County of Orange in the issuance of tax-exempt mortgage revenue bonds to facilitate the development, construction and financing of housing for low and moderate income households. One residential project which has been specifically identified for receipt of funds generated by the mortgage revenue bond program is the Baywood Expansion project, a 68-unit rental apartment development. Developer interest also indicates that tax exempt mortgage revenue bonds could be utilized on the North Ford and Newport Village projects, whose development approvals include the construction of 222 and 150 dwelling units respectively, which will be affordable to households of low and moderate income.

2. Implementation Plan: The following activities will be undertaken in support of this objective:
 - a. The City shall continue to apply for, and use, its entitlement funds under the Community Development Block Grant program to facilitate the development and construction of housing for low and moderate income households. To the extent that developers and landowners are willing to cooperate in this endeavor, the highest priority for the use of these funds shall be for the development and construction of housing affordable to "very low income" households. This may be accomplished by using the City's existing and future Community Development Block Grant funds for the acquisition of land for the development of housing for very low income households, or by "writing down" the cost of land for developers who have agreed to develop low and moderate income housing. In this regard, the Newport Beach Planning Department shall negotiate with the interested landowners and developers to determine the availability of appropriate vacant sites for potential acquisition as very low income housing sites.
 - b. The City shall continue to participate with the County of Orange in the issuance of tax-exempt mortgage revenue bonds to facilitate and assist in the financing, development and construction of housing affordable to low and moderate income households. City staff shall seek to encourage the

developers of the Baywood Expansion, North Ford, Cal Trans West and Newport Village residential projects to use tax exempt mortgage revenue bonds to facilitate the construction of low and moderate income housing on these sites. In addition, the Planning Department staff liaison official designated in Program Objective 1 shall encourage other developers to use the tax-exempt mortgage revenue bonds program to increase the availability of housing affordable to low and moderate income households.

- c. The City shall continue to participate as a member of the OCHA Advisory Committee and work in cooperation with the Orange County Housing Authority to provide Section 8 Rental Housing Assistance to residents of the community and shall ensure the retention of the modified fair market rent structure limits applicable within Newport Beach to increase the number of housing units within the city which will be eligible to participate in the program. The Newport Beach Planning Department further shall prepare and implement a publicity program both to educate and encourage landlords within the city to rent their units to Section 8 Certificate holders, and to make low income households aware of the availability of the Section 8 Rental Housing Assistance Program.
- d. For new developments proposed in the Coastal Zone areas of the City (comprising approximately 40% of Newport Beach), the City shall require the provision of housing affordable to persons or families of low and moderate income, where feasible. Whenever practicable, the City shall require the units be located on-site ; alternatively, the City may permit the developer to locate the units off-site but within the Coastal Zone, or within three (3) miles of the Coastal Zone (within Newport Beach). All residential developments of three units or more within the Coastal Zone shall require a Coastal Residential Development Permit. Determinations of feasibility, and the procedures relating to the provision of low and moderate income housing within the Coastal Zone, shall be governed by Newport Beach City Council Policy P-1, adopted on August 19, 1982, and amended on September 12, 1983.
- e. The City Council shall have the discretion to review and waive planning and park fees for developments containing low and moderate income housing in proportion to the number of low and moderate income units in the entire project.
- f. When a developer of housing agrees to construct at least 25 percent of the total units of a housing development for person and families of low and moderate income, as defined in Section 50093 of the Health and Safety Code, or 10 percent of the total units of a housing development for lower income households, as defined in Section 50079.5 of the Health and Safety Code, the city shall either (1) grant a density bonus

or (2) provide other incentives of equivalent financial value, in accordance with the provisions of Government Code Section 65915, et seq.

3. Time Frame:

- a) Program 7a: Participation in the Community Development Block Grant is ongoing; determinations as to use of funds and negotiations with affected developers and landowners shall be completed by December 31, 1984.
- b) Program 7b: Ongoing.
- c) Program 7c: Membership in, and cooperation with, the Orange County Housing Authority is ongoing; the Section 8 publicity program shall be prepared, and the implementation should commence, by October 31, 1984.
- d) Program 7d: Ongoing.
- e) Program 7e: This program shall be implemented as applicable projects are proposed.
- f) Program 7f: This program shall be implemented as applicable projects are proposed.

4. Responsible Official/Agency:

- a) Program 7a: City Council; Planning Director.
- b) Program 7b: City Council; Advance Planning Administrator.
- c) Program 7c: City Manager; Planning Director.
- d) Program 7d: Planning Commission; Planning Director.
- e) Program 7e: City Council.
- f) Program 7f: City Council.

H. Objective 8: To improve the efficiency of the development permit process.

- 1. Finding: While the city's permit process has been applauded by many users as being relatively efficient and free from obstacles, there were several observations that the process could be improved if a single, comprehensive document were made available to the development industry explaining the various procedural steps involved in development review and the anticipated time frames.

Although such a document is not likely to be of value to large development firms, or those which have a history of involvement with the city, there may be merit to such a document for smaller, less informed developers.

In the course of implementing its housing program, the City determined that residential development processing could be made more efficient if one staff official were designated to coordinate the review and decision-making of all permits and applications required with respect to residential development proposals. As a result, the City acted on March 14, 1984, to adopt Resolution No. 83-26, vesting in the Current Planning Administrator the responsibility to coordinate the review and decision-making, and provide information regarding the status, of all permits or applications required by the City relating to the construction of housing within Newport Beach.

2. Implementation Plan: The following activities shall be undertaken in support of this objective.

- a) The Current Planning Administrator is designated to coordinate the review and decision-making with respect to, and to provide information regarding the status of, all permits and applications required for residential developments by the City.
- b) The Planning Department shall develop a Development Review Procedural Guide which outlines and explains the various steps and time demands of the City's housing development review process.

3. Time Frame:

- a) Ongoing.
- b) To be completed by December 31, 1984.

4. Responsible Official/Agency:

- a) Current Planning Administrator.
- b) Planning Department.

I. Objective 9: To promote the conservation, rehabilitation, and redevelopment of the existing housing inventory.

- 1. Finding: The City's existing housing supply is important for many reasons. Among them are the following: the character of the community is shaped largely by its residential neighborhoods; much of the City's tax base is in its housing inventory; housing opportunities for lower-income households are almost exclusively confined to existing housing; and a large portion of the individual wealth of many Newport Beach residents may be found in the equities of their homes. The existing housing supply also represents essentially the last hope for homeownership for many moderate and middle income households who find themselves priced totally out of the new home market.

Because of the many functions which existing housing serves, special policy consideration must be given to its use and occupancy. Efforts must be expended to protect existing equities, preserve affordability for lower income households, deter the spread of physical blight, preserve and strengthen the tax base, and extend opportunities for entry into homeownership. These varied objectives are not always compatible; extreme caution must be exercised by the City to balance these objectives and to avoid disrupting reasonable interaction within the housing market.

The three principal objectives which should be pursued by the City with respect to its existing housing supply are 1) to conserve housing which complies with applicable housing codes; 2) to rehabilitate and upgrade deteriorating inventory; and 3) to promote the redevelopment of blighted, obsolete, or inefficiently utilized housing resources.

In general, housing conservation, rehabilitation, and redevelopment are best handled by the private sector. Local government can stimulate or deter such activities, however, by the nature of the policies which they adopt and enforce. The range of actions which the City may take to spur housing conservation, rehabilitation, and redevelopment include housing code enforcement, land acquisition, the provision of low interest loans, and the facilitation of private redevelopment through tenure conversion.

If demand is strong, housing rehabilitation and redevelopment will occur without governmental involvement. All that is necessary are appropriate public policies which allow the law of supply and demand to operate. It is indisputable that areas which are characterized by physical blight, and which give indications of future deterioration, have a high incidence of rental properties and absentee ownership. Increasing the rate of homeownership is often all that is necessary to stabilize a deteriorating neighborhood and to redevelop that neighborhood.

While the foregoing findings apply generally to all housing within Newport Beach, the City's acknowledged responsibility to conserve and improve the condition of the existing affordable housing stock requires programs that relate not just to the conservation of physical structures, but also to the preservation of houses as shelter for low and moderate income households. Because the conservation of housing affordability cannot reasonably be effected by the private sector, governmental intervention is required to ensure that existing affordable housing remains available in the years to come.

In order to conserve housing affordability, the City has adopted regulations to restrict the conversion of rental units to ownership tenure whenever the rental vacancy rate falls below 5%. To determine this rate, an annual survey of at least 15% of the City's rental units is conducted by telephone for the large,

reality-identifiable apartment complexes and by a mail-out mail-back questionnaire for small rentals. Since the questionnaire has some response uncertainty, a sufficiently large survey sample, randomly selected by a computer, is used to ensure a 15% sample for each unit type (duplex, triplex, fourplex, and five or more units per site). Mobile homes and single family rentals are excluded from the survey since they are a portion of the rental housing stock that cannot be converted to condominiums. In addition, units owner-occupied and vacant but not available for rent, such as seasonal homes for live-aways, are removed from the response total(s). The results are adjusted to ensure that the combined vacancy rate for all remaining rental types is not biased because of a larger number of responses for a particular unit type, and totaled for an overall wighted rental vacancy rate.

These regulations, which are codified in Chapter 20.73 of the Newport Beach Municipal Code, further control condominium conversions by requiring property owners seeking to convert their units to comply with notice and relocation requirements, and current zoning, building and subdivision standards.

The City has also adopted a Mobile Home Park Zone as Chapter 20.20 of the Newport Beach Municipal Code, to preserve and encourage existing source of low and moderate income housing. Since the adoption of the Housing Element as General Plan Amendment 81-1(H) in September of 1981, the City of Newport Beach has, pursuant to the Mobile Home Park Zone Ordinance, conducted rezoning hearings and applied the Mobile Home Park designation as a overlay zone on four mobile home parks within Newport Beach. These four mobile home parks comprise, in the aggregate, 401 existing mobile home spaces.

In August, 1982, City Council Policy P-1 was adopted, providing for the administration of provisions of State law relative to the demolition and conversion of existing low- and moderate-income residential units within the Coastal Zone. The policy is designed to maintain the pool of housing available to low- and moderate-income households as older areas of the city redevelop. In accordance with City Council Policy P-1, the City requires that developments entailing the demolition of low- and moderate-income residential units include low- and moderate-income replacement units.

2. Implementation Plan: The following activities shall be undertaken in support of this objective:
 - a) The City shall vigorously enforce all building and zoning codes in order to conserve the habitability of the existing housing stock.
 - b) The City shall maintain rental opportunities by restricting conversions of rental units to condominiums unless the vacancy rate in Newport Beach for rental housing is 5% or

higher for four consecutive quarters, and unless the property owner complies with the condominium conversion regulations contained in Chapter 20.73 of the Newport Beach Municipal Code.

- c) The City shall continue to evaluate mobile home parks to determine which additional mobile home parks should be rezoned with the Mobile Home Park Zone overlay designation (Chapter 20.20 of the Newport Beach Municipal Code), in order to preserve mobile home park land uses.
- d) The City shall require the replacement of housing demolished within the Coastal Zone areas of Newport Beach when the housing to be demolished is, or within the immediately preceding 12 months has been, occupied by low and moderate income households. The City shall further require that no such demolition be accomplished unless a Coastal Residential Development Permit has been issued. The specific provisions implementing these replacement unit requirements are contained in Newport Beach City Council Policy P-1, adopted on August 19, 1982, and as amended on September 12, 1983.

3. Time Frame:

- a. Program 9a: Ongoing.
- b. Program 9c: Ongoing.
- c. Program 9d: Ongoing.
- d. Program 9e: Ongoing.

4. Responsible Official/Agency:

- a. Program 9a: Planning Department; Building Department.
- b. Program 9c: City Council; Planning Commission.
- c. Program 9d: City Council; Planning Department.
- d. Program 9e: Planning Commission; Planning Director.

J. Objective 10: To promote housing opportunities for all persons regardless of race, religion, sex, marital status, ancestry, natural origin, or color.

- 1. Finding: Substantial legislation has been adopted at the federal government level to prevent discrimination in the sale or rental of housing. Such legislation includes the Civil Rights Act of 1866, Title VIII of the Civil Rights Act of 1968, Title VI of the Civil Rights Act of 1964, and Executive Order 11063. The State has also enacted anti-discrimination legislation, including the Unruh Civil Rights Act and the California Fair Employment and

Housing Act. The City supports these federal and state actions to promote housing opportunities for all persons. At the same time, the City recognizes that the goal of equal housing opportunities will not significantly be advanced through the creation of a redundant local enforcement agency, with limited fiscal and investigatory resources, that cannot realistically complement the anti-discrimination enforcement agencies of the state or federal governments. Accordingly, the City perceives its most appropriate and effective role is in assisting these state and federal agencies in the enforcement of enacted legislation to prevent housing discrimination, and in disseminating information informing residents of their civil rights with respect to the purchase or rental of housing, and the administrative and legal remedies available to them.

2. Implementation Plan:

- a. The Planning Department shall assign to the City's staff liaison identified in Objective 1 the responsibility for lodging and referring to the proper agency all complaints transmitted to the City regarding discrimination in the sale or rental of housing in Newport Beach. Depending upon the nature of the complaint, the staff liaison shall refer the complainant to the more appropriate of the following enforcement agencies:

- (i) State of California Department of Fair
Employment and Housing
28 Civic Center Plaza
Santa Ana, CA 92701
(714) 558-4159

- (ii) United States Department of Justice
Office of the United States Attorney
312 N. Spring Street
Los Angeles, CA 90012
(213) 688-2434

The staff liaison shall provide the complainant with the address and telephone number of each of these agencies, explain the applicable filing procedures to the complainant, and, if requested, assist the complainant in forwarding information to the appropriate agency.

- b. The staff liaison shall maintain records on all housing discrimination complaints forwarded to the City and referred by the complainant to enforcement agencies, and shall request information from the appropriate enforcement agencies in order to monitor the progress, status, and resolution of such housing discrimination complaints.
- c. The staff liaison shall prepare and submit quarterly reports to the Planning Director listing the number of housing discrimination complaints forwarded to the City and,

utilizing data provided by the California Department of Fair Employment and Housing or the United States Department of Justice, describing the status or resolution of these complaints. This information shall be used to determine the progress of equal opportunity efforts in Newport Beach, and will be made available to anti-discrimination enforcement agencies and groups and persons interested in equal housing opportunities.

- d. The City Attorneys shall assist in the investigation and prosecution of housing discrimination complaints lodged with the City.
- e. Upon request, the City shall provide, free of charge to any interested person, informational material explaining federal and state civil rights with regard to the purchase and rental of housing.
- f. The City will cooperate with the Newport Mesa Board of Realtors and the local apartment owners association to educate their members on fair housing laws.

3. Time Frame:

- a. Program 10a: Ongoing.
- b. Program 10b: Ongoing.
- c. Program 10c: Ongoing.
- d. Program 10d: This program shall be implemented upon request from the applicable enforcement agency.
- e. Program 10e: Ongoing.
- f. Program 10f: This program shall be implemented by January 1, 1985, and will be conducted at least once every 18 months thereafter.

4. Responsible Official/Agency:

- a) Program 10a: Advance Planning Administrator.
- b) Program 10b: Advance Planning Administrator.
- c) Program 10c: Advance Planning Administrator; Planning Director.
- d) Program 10d: City Attorney.
- e) Program 10e: Planning Department.
- f) Program 10f: Planning Department.

K. Objective 11: To promote a greater choice in housing opportunities for elderly residents of the community.

1. Finding: Elderly persons comprise a substantial segment of the population of the community. As discussed earlier in this element, many elderly residents of the City are long-time residents who live in homes purchased during the child-rearing stage of their lives. These persons in many cases, are living on low, fixed incomes, and although their homes have escalated greatly in value since the time of purchase, maintenance, utility, and property tax expenses may be beyond their present financial capacity. Moreover, the occupied housing unit may not match their present housing needs in terms of square footage, location in respect to community facilities, and maintenance requirements.

In most cases, these persons desire continued residence in their same neighborhood or community, but not necessarily in the same dwelling unit. Alternative living arrangements are desired, such as smaller, attached condominiums located approximate to transportation and commercial facilities, and offering some social and medical services. Such housing opportunities would serve the needs of elderly residents and would also promote greater utilization of the existing housing stock, as homes occupied by elderly residents would become available for other families.

A senior citizen housing project of 101 units has been developed as a cooperative effort between the City of Newport Beach and a non-profit corporation. The City made the project possible by amending its Zoning Code to include senior citizen housing as an institutional use. The parking standards were relaxed and all in-lieu fees were eliminated. The non-profit corporation received a low interest 202 construction loan from the Federal Government. This senior citizen housing project, which was developed at a density of 44.9 units per acre, was completed in July of 1982. The 101 tenants of the project receive Section 8 rental assistance to offset their rental costs.

Two additional locations which might be appropriately developed as housing designed for elderly residents are the Fifth Avenue and the Fifth and MacArthur parcels. The Fifth Avenue Parcel is located in close proximity to the Oasis Senior Citizens Center, which the City of Newport Beach developed in the mid-1970's with the use of federal funds made available through the Community Development Block Grant program. The Fifth and MacArthur parcel is located approximately one third of a mile from the Senior Citizens Center.

2. Implementation Plan: The City will take a facilitator role in encouraging the development of increased housing opportunities for the elderly through the following actions:

- a. Planning Department staff shall meet with groups in the community which represent the interests or serve the needs of elderly residents, in order to determine the housing needs of the elderly residents.
- b. The City shall encourage the owner of the Fifth Avenue and Fifth and MacArthur Parcels to develop housing on those sites which satisfies the physical and social needs of elderly residents. To the extent that the owner of these sites is amendable, the use of available state and federal housing resources will be encouraged to develop housing for elderly residents.

3. Time Frame:

- a) This program shall be conducted in conjunction with the submission of applicable land use proposals.
- b) This program shall be completed by January 1, 1985.

4. Responsible Official/Agency:

- a) Planning Department.
- b) Planning Department.

L. Objective 12: To provide for the development of a variety of housing types and products for all income levels of the community.

- 1. Findings: If the housing goals of Newport Beach are to be attained, the producers of housing must be allowed to exercise maximum flexibility in the design and development of product types. While the decision to develop certain housing products, such as rental housing, mobile homes, or manufactured (factory-built) housing, is primarily a function of the interaction between producers and consumers, there is a significant role which the California Legislature believes local governments can perform in this regard.

For many years, the City of Newport Beach has had no law in effect which prohibits or restricts the placement of mobilehomes, modular housing or factory-built housing on any lot zoned for single family residential purposes. Consequently, and because of extremely limited supply of undeveloped land in Newport Beach, it would not be appropriate for the City to zone that limited supply for the specific products identified in Section 65583. According to housing producers doing business in the City, such an approach would frustrate, not facilitate, the production of varied housing types. The market place, not the City, can best determine whether a specific site should be utilized for mobile homes, factory-built housing, rental housing, or another housing type.

The City should direct its efforts toward permitting and encouraging those products which are demanded by the consumer and which facilitate the provision of housing to the widest possible segment of the community. Consistent with this view, it is best for the City to merely assure itself that whatever product is proposed for a specific site is compatible with the neighborhood, and satisfies the overall development requirements of the community.

2. Implementation Plan:

- a. Available sites for residential development have been identified in this document.
- b. The City will permit the installation of mobilehomes, factory-built housing, or any other construction technology, provided that such product complies with the development standards of the community and is compatible with the planning, aesthetic, and other applicable considerations of the specific neighborhood in which such product is proposed. This policy shall apply to all non-committed sites existing within the City and identified in the Housing Element.

3. Time Frame:

- a. Program 12a has been implemented as part of this document.
- b. Program 12b is ongoing.

4. Responsible Official/Agency:

- a) City Council.
- b) Planning Commission.

M. Objective 13: To review the housing element on an on-going basis to determine the appropriateness of goals and programs and the progress of the City in housing element implementation.

1. Findings: To guarantee the effectiveness of policies and programs in this document, timely review and evaluation are appropriate.

2. Implementation Plan:

- a. The City Planning Department will monitor progress on each of the objectives in the housing element program, and when appropriate, report its findings to the Planning Commission and the City Council.
- b. Revision of the housing element will be initiated on the basis of the monitoring reports and will incorporate the most current data on housing and household characteristics, as well as housing market trends.

3. Target Dates:

- a) Monitoring reports will be prepared when appropriate.
- b) The next full revision of the Housing Element shall be completed on or before July 1, 1989.

4. Responsible Official/Agency:

- a) Planning Department.
- b) City Council.

N. Objective 14: To ensure that the programs set forth in the Housing Element will continue to be consistent with the other elements of the Newport Beach General Plan, as well as the codified goals of the city.

1. Finding: Proper land use planning, as well as the provisions of Government Code Section 65583, require that housing element programs be consistent with the programs and policies of the remaining elements of the City's General Plan. The City currently and historically has undertaken an analysis of General Plan consistency whenever land use regulations or housing programs are proposed for adoption or amendment. It is appropriate that this policy be contained in the Housing Element to ensure that the implementation of the City's housing programs continues to be governed by sound planning and consistency principles.

The City adopted a "Residential Growth Element" as part of the Newport Beach General Plan in 1973, to set forth long-range policies regarding residential and population growth within Newport Beach. Under Government Code Section 65302, a residential growth element is not a mandatory element of a general plan. The enactment of recent State legislation regarding housing and land use supersedes and renders portions of the Residential Growth Element obsolete.

2. Implementation Plan:

- a. Whenever land use regulations land use designations, or housing programs are proposed for adoption or modification, the Planning Department shall undertake an analysis to determine that the proposed action or regulation is consistent with both the Housing Element and the other elements of the Newport Beach General Plan, as well as all adopted City Council Policies. If the Planning Department determines that the proposed program or policy is not consistent, the Planning Department shall recommend to the Planning Commission and City Council either that the proposed program or action be modified to achieve consistency, prior to adoption, or that each potentially inconsistent General Plan element or City Council Policy be amended in conjunction

with the approval of the proposed regulation or action. Consistency shall be achieved whenever a regulation, action or project is approved.

- b. The City will evaluate the Residential Growth Element to determine which portions of that Element are obsolete; thereafter, the City will repeal those obsolete portions, and incorporate the remaining portions of the Residential Growth Element into the Land Use Element of the Newport Beach General Plan.

3. Time Frame:

- a. Consistency is evaluated on a project by project basis.
- b. June 30, 1985.

4. Responsible Official/Agency:

- a. Planning Department.
- b. Planning Department, City Council.

Performance Objectives

Section 65583 of the Government Code requires that the Housing Element also include a statement of goals, policies, quantified objectives and scheduled programs for the preservation, improvement, and development of housing. It is the purpose of this section of the Element to quantify the results of program objectives previously established. The projected results will be stated in terms of performance objectives.

The City's housing program is designed to address the regional housing needs, as defined in Section 65584 of the Government Code. Because of the constraints outlined in this element, however, it is not physically, environmentally, or fiscally possible for the City to fully satisfy all the regional need. Such a magnitude of need, as the legislature recognized in Section 65583(b) of the Government Code, is beyond the ability of the City. The program outlined herein represents the most diligent effort which the City of Newport Beach considers possible.

Article 10.6 requires a jurisdiction to make adequate provision for the existing and projected needs of all economic segments of the community. Since the housing market and incomes in Newport Beach tend to be higher than County or regional averages, it is most meaningful to characterize the City's "Quantified Objectives" in terms of City median family income. Following are the City's best estimates of the maximum number of housing units anticipated in each income category (consistent with Section 65583(b)):

Table 92

MAXIMUM NUMBER OF HOUSING UNITS BY INCOME CATEGORY

	<u>Very Low</u>	<u>Low</u>	<u>Moderate</u>	<u>Upper</u>	<u>Total</u>
1. New Units (major projects)	170	434	369	1,675	2,648
2. New Units (small projects & redevelopment)	0	25	50	175	250
3. 2nd Units	50	50	0	0	100
4. Increased Use of Section 8	100	25	0	0	125
5. Rehabilitation	25	22	30	23	100
6. Conservation	<u>2,040</u>	<u>3,045</u>	<u>2,612</u>	<u>1,640</u>	<u>9,337</u>
TOTAL	2,385	3,601	3,061	3,513	12,560

Following is a discussion of the goals in each of the six areas above; with the City's best estimates provided by the Planning Department:

1. Production of 2,648 new units including 973 affordable to City very-low, low, and moderate income families.

a) The table below makes estimates on each individual site:

Table 93

HOUSING UNITS PER PROJECT BY INCOME CATEGORY

<u>Project</u>	<u>Very Low</u>	<u>Low</u>	<u>Moderate</u>	<u>Upper</u>	<u>Total</u>
North Ford	44	178	100	566	888
Belcourt	0	33	50	85	168
Newport Center	61	120	123	629	933
CalTrans West	15	30	0	107	152
Big Canyon 10	0	2	0	19	21
Big Canyon 16	0	8	79	0	87
Allred	0	5	0	45	50
Morgan	0	2	0	15	17
Wale	0	1	0	9	10
Morning Canyon	0	1	0	13	14
Gfeller	0	4	0	36	40
5th & MacArthur	50	50	0	0	100
Marguerite			7	61	68
5th Avenue	<u>0</u>	<u>0</u>	<u>10</u>	<u>90</u>	<u>100</u>
TOTAL	170	434	369	1,675	2,648
PERCENTAGE	6.4%	16.4%	13.9%	63.3%	100%

- b) Increase housing production from the current average of 260 units per year to 525 units per year.
 - c) Maximize the effective use of available CDBG and Mortgage Revenue Bond funds to ensure construction of low- and moderate-income units.
 - d) Process necessary General Plan Amendments for 5th Avenue/ MacArthur, Marguerite, and 5th Avenue parcels.
2. Assumes private redevelopment and intensification on non-vacant parcels in West Newport Beach, Balboa Peninsula and Corona del Mar areas, at existing allowable densities and/or pursuant to Objective 3(c), as follows:

Table 94

INCREASE IN HOUSING UNITS THROUGH REDEVELOPMENT
AND INTENSIFICATION BY INCOME CATEGORY

<u>Very Low</u>	<u>Low</u>	<u>Moderate</u>	<u>Upper</u>	<u>Total</u>
0	25	50	175	250

- 3. Assumes development of second units in accordance with Objective 3(d); further assumes that most second units will be occupied by low income families.
- 4. Increased use of Section 8 Rental Assistance is assumed as a result of the publicity program mandated by Objective 7(c). The additional low-income units will be created from the existing housing stock.
- 5. Rehabilitation of Housing in Newport Beach: 1984-1989 (expressed in maximum potential housing units).

Table 95

REHABILITATION OF HOUSING IN NEWPORT BEACH BY INCOME, 1984-1989

	<u>Very Low</u> (0-50% Median)	<u>Low</u> (50-80% of Median Income)	<u>Moderate</u> (80-120% of Median Income)	<u>Upper</u> (120% of Median Income)	<u>Total</u>
1. Private re-habilitation of substandard units	10	12	15	3	40
2. Vigorous enforcement of building and zoning codes, pursuant to Objective 9(a)	15	10	15	20	60

Table 95 (Con't.)

REHABILITATION OF HOUSING IN NEWPORT BEACH BY INCOME, 1984-1989

	<u>Very Low</u> (0-50% Median)	<u>Low</u> (50-80% of Median Income)	<u>Moderate</u> (80-120% of Median Income)	<u>Upper</u> (120% of Median Income)	<u>Total</u>
TOTAL (Average/ Maximum)	25	22	30	23	100

6. Conservation of Housing in Newport Beach: 1984-1989 (Expressed in maximum potential housing units).

Table 96

CONSERVATION OF HOUSING IN NEWPORT BEACH
BY INCOME CATEGORY, 1984-1989

	<u>Very Low</u> (0-50% Median)	<u>Low</u> (50-80% of Median Income)	<u>Moderate</u> (80-120% of Median Income)	<u>Upper</u> (120% of Median Income)	<u>Total</u>
1. Appl. of Mobile Home Park Zone Ord. pursuant to Objective 9(c)	90	345	100	65	600
2. Appl. of Cond Conver- sion Regulations, pursuant to Objective 9(b)	1,200	1,800	1,537	1,000	5,537
3. Appl. of Council Policy P-1 ragarding replacement housing, pursuant to Objective 9(d)	<u>750</u>	<u>900</u>	<u>975</u>	<u>575</u>	<u>3,200</u>
TOTAL	2,040	3,045	2,612	1,640	9,337

Performance Relative to Regional Need (RHAM)

Article 10.6 requires a local jurisdiction to consider regional need, but recognizes that it may not be feasible to accommodate this need calculation in all cases. According to the RHAM prepared by SCAG and extended to six years, there is projected a regional demand for additional units in Newport Beach in the following income categories:

Table 97

PROJECTED REGIONAL DEMAND IN NEWPORT BEACH		
Very Low	(0-50%)	- 270 du's
Low	(50-80%)	- 372 du's
Moderate	(80-120%)	- 326 du's
Upper	(above 120%)	- 905 du's

It is estimated that the City can provide 45 du's in the very low income category, 125 du's in the low income category, 432 du's in the moderate income category, and 2,025 du's in the upper income category during the next six years, through the completion of major residential projects.

Schedule of Actions for Housing Program Implementation

Implementation of the Housing Element is scheduled to take place within a two-phase time frame. The first time period involves all short-range actions which are planned to take place within the two years of the 1984 Housing Element adoption. The second time period involves all long-range actions which are planned to take place within five years of the 1984 Housing Element adoption. Short-range and long-range activities have been summarized on the following table.

HOUSING ELEMENT IMPLEMENTATION

Housing Element	Objective
1. Housing	1.1. Housing
2. Housing	2.1. Housing
3. Housing	3.1. Housing
4. Housing	4.1. Housing
5. Housing	5.1. Housing
6. Housing	6.1. Housing
7. Housing	7.1. Housing
8. Housing	8.1. Housing
9. Housing	9.1. Housing
10. Housing	10.1. Housing
11. Housing	11.1. Housing
12. Housing	12.1. Housing
13. Housing	13.1. Housing
14. Housing	14.1. Housing
15. Housing	15.1. Housing
16. Housing	16.1. Housing
17. Housing	17.1. Housing
18. Housing	18.1. Housing
19. Housing	19.1. Housing
20. Housing	20.1. Housing
21. Housing	21.1. Housing
22. Housing	22.1. Housing
23. Housing	23.1. Housing
24. Housing	24.1. Housing
25. Housing	25.1. Housing
26. Housing	26.1. Housing
27. Housing	27.1. Housing
28. Housing	28.1. Housing
29. Housing	29.1. Housing
30. Housing	30.1. Housing
31. Housing	31.1. Housing
32. Housing	32.1. Housing
33. Housing	33.1. Housing
34. Housing	34.1. Housing
35. Housing	35.1. Housing
36. Housing	36.1. Housing
37. Housing	37.1. Housing
38. Housing	38.1. Housing
39. Housing	39.1. Housing
40. Housing	40.1. Housing
41. Housing	41.1. Housing
42. Housing	42.1. Housing
43. Housing	43.1. Housing
44. Housing	44.1. Housing
45. Housing	45.1. Housing
46. Housing	46.1. Housing
47. Housing	47.1. Housing
48. Housing	48.1. Housing
49. Housing	49.1. Housing
50. Housing	50.1. Housing
51. Housing	51.1. Housing
52. Housing	52.1. Housing
53. Housing	53.1. Housing
54. Housing	54.1. Housing
55. Housing	55.1. Housing
56. Housing	56.1. Housing
57. Housing	57.1. Housing
58. Housing	58.1. Housing
59. Housing	59.1. Housing
60. Housing	60.1. Housing
61. Housing	61.1. Housing
62. Housing	62.1. Housing
63. Housing	63.1. Housing
64. Housing	64.1. Housing
65. Housing	65.1. Housing
66. Housing	66.1. Housing
67. Housing	67.1. Housing
68. Housing	68.1. Housing
69. Housing	69.1. Housing
70. Housing	70.1. Housing
71. Housing	71.1. Housing
72. Housing	72.1. Housing
73. Housing	73.1. Housing
74. Housing	74.1. Housing
75. Housing	75.1. Housing
76. Housing	76.1. Housing
77. Housing	77.1. Housing
78. Housing	78.1. Housing
79. Housing	79.1. Housing
80. Housing	80.1. Housing
81. Housing	81.1. Housing
82. Housing	82.1. Housing
83. Housing	83.1. Housing
84. Housing	84.1. Housing
85. Housing	85.1. Housing
86. Housing	86.1. Housing
87. Housing	87.1. Housing
88. Housing	88.1. Housing
89. Housing	89.1. Housing
90. Housing	90.1. Housing
91. Housing	91.1. Housing
92. Housing	92.1. Housing
93. Housing	93.1. Housing
94. Housing	94.1. Housing
95. Housing	95.1. Housing
96. Housing	96.1. Housing
97. Housing	97.1. Housing
98. Housing	98.1. Housing
99. Housing	99.1. Housing
100. Housing	100.1. Housing

Schedule 1 (Con't.)

HOUSING ELEMENT IMPLEMENTATION

	6 Months	1 Year	18 Months	2 Years	3 Years	4 Years	5 Years
	SHORT RANGE ACTIVITIES				LONG RANGE ACTIVITIES		

Housing
Element
Objectives

10. PROVIDE STAFF LIAISON FOR HOUSING DISCRIMINATION COMPLAINTS
 MAINTAIN RECORDS ON HOUSING DISCRIMINATION COMPLAINTS
 PREPARE QUARTERLY REPORTS ON HOUSING DISCRIMINATION COMPLAINTS
 ASSIST IN THE INVESTIGATION OF COMPLAINTS WHEN FEASIBLE
 PROVIDE FREE INFORMATIONAL MATERIALS EXPLAINING ANTI-DISCRIMINATION LAWS
 X
 X
11. FAIR HOUSING EDUCATION PROGRAM X
 MEET WITH GROUPS SERVING ELDERLY RESIDENTS TO DETERMINE ELDERLY HOUSING NEEDS
 PROJECT BASIS
 ENCOURAGE OWNERS OF SPECIFIED PARCELS TO DEVELOP HOUSING FOR ELDERLY RESIDENTS
 X X X X X
12. IDENTIFY SITES AVAILABLE FOR HOUSING (Accomplished within this document)
 PERMIT MOBILEHOMES AND MANUFACTURED HOUSING ON UNDEVELOPED SITES SUBJECT TO DESIGN CRITERIA
 X
13. HOUSING ELEMENT REVIEW AND MONITOR PROGRESS OF OBJECTIVES
 AS APPROPRIATE
 REVISE HOUSING ELEMENT BASED ON MONITORING OF PROGRESS
 FULL REVISION BEFORE JULY 1, 1989
14. DETERMINE CONSISTENCY OF LAND USE REGULATIONS AND HOUSING PROGRAMS WITH GENERAL PLAN AND HOUSING ELEMENT
 PROJECT BY PROJECT BASIS
 RESIDENTIAL GROWTH ELEMENT EVALUATION
 X X X X X X X X X

V. EVALUATION OF PAST HOUSING ELEMENT IMPLEMENTATION

Government Code Section 65588 requires the city to review the housing element as frequently as is appropriate to evaluate the appropriateness of the housing goals, objectives and policies in contributing to the attainment of the state housing goal; the effectiveness of the housing element in attainment of the community's goals and objectives; and the city's progress in implementation of the housing element. In the course of preparing the 1984 housing element revision, the city has determined that the goals and policies of the housing element contribute to the attainment of the state housing goal; consequently, the goals and policies have not been modified in this revision.

The city has also evaluated its progress in implementing the program objectives of the housing element. The results of this evaluation are set forth in tabular form, as follows:

Table 98

HOUSING ELEMENT IMPLEMENTATION PROGRESS ASSESSMENT

<u>OBJECTIVE</u>	<u>DESCRIPTION</u>	<u>IMPLEMENTATION PROGRESS</u>
Objective 1	Monitor housing delivery system.	Ongoing; public meeting on 5/6/82.
Objective 2	Support housing financing reforms.	Public meeting held on June 10, 1982.
Objective 3	Consider increased residential densities on major vacant parcels.	1,743 additional units approved through adoption of general plan amendments on Mobil/Armstrong (180 unit increase), CalTrans West (152 unit increase), Freeway Reservation West--Big Canyon Area #16 (80 unit increase), North Ford (768 unit increase), Aeronutronic Ford Area #8--Belcourt (135 unit increase), and Newport Center parcels (428 unit increase).

Objective 4	Encourage housing affordable to projected labor force in development.	Ongoing; implemented through general plan approvals requiring low and moderate income housing on Beeco and Newport Center projects.
Objective 5	Achieve appropriate balance between employment and housing.	Ongoing; implemented through general plan amendments increasing densities and combining residential and other uses on North Ford, Newport Center and Beeco parcels.
Objective 6	Negotiated development.	514 low and moderate income housing units required in conjunction with the approval of 1,872 additional units on 12 parcels during period from 3/1982 through 3/1984.
Objective 7(a)	Consider use of CDBG funds and participation in issuance of tax-exempt mortgage revenue bonds.	City applied for CDBG funds in August of 1982, and has received a total of \$1.2 million in CDBG funds during fiscal years 1982-1983 and 1983-1984; City adopted Resolution No. 83-35 on 4/11/83, authorizing participation with County of Orange in issuance of tax-exempt mortgage revenue bonds.
Objective 7(b)	Encourage rental housing where low and moderate ownership housing not feasible.	Implemented in conjunction with the approvals made under Objective 6.
Objective 7(c)	Restrict condo conversions.	Maintenance and application of City condo conversion requirements.
Objective 7(d)	Preserve mobile home park uses.	Application of City's Mobile Home Park Zone to four mobile home parks in 1982 and 1983 has conserved 401 mobile home spaces.

Objective 7(e)	Encourage more extensive use of Section 8 Rental Assistance.	Worked in cooperation with Orange County Housing Authority to have U.S. Department of Housing and Urban Development increase fair market rent structure limits for Newport Beach; Section 8 usage has increased 30% since September, 1982. Supported OCHA's request for additional Section 8 units.
Objective 7(f)	Provide low and moderate income housing in Coastal Zone.	City Council Policy P-1 adopted on August 19, 1982 and amended on September 19, 1983. Of the 215 new housing units approved for development within the Coastal Zone between 1/1/82 and 4/1/84, 33 units (15.3%) were allocated as low and moderate income units.
Objective 7(g)	Discretionary waiver of planning fees.	No developer requests for waiver of planning fees have been submitted as of 4/1/84.
Objective 7(h)	25% density bonus for provision of low and moderate income housing.	No developers have requested this density bonus as of 4/1/84.
Objective 8	Prepare development review procedural guide.	In process.
Objective 9(a)	CDBG Rehabilitation Program.	City received \$496,000 in CDBG funds in August, 1982 for low and moderate income housing rehabilitation programs; funds were converted to land acquisition purposes in 1983 due to lack of community interest in rehabilitation program.
Objective 9(h)	Replacement of low and moderate income housing demolished in Coastal Zone.	City Council Policy P-1 adopted on August 19, 1982, and amended on September 12, 1983; during the period from 1/1/82 through 4/1/84, 13 units, including 5 low and moderate income units, were demolished in the Coastal Zone, and 2 replacement units were required.

Objective 10	Promote Equal housing opportunities through counselling, maintenance of records on discrimination complaints, and provision of educational materials.	Program is in place; one allegation of discrimination was lodged with the city, the complainant did not wish to file a formal complaint.
Objective 11	Facilitate in encouraging increased housing opportunities for the elderly.	Initiated preliminary housing site negotiations for a Senior Citizen housing project in proximity to Oasis Senior Citizens Center.
Objective 12	Permit installation of all types of housing construction technology on vacant residential land.	Ongoing; no developers have requested use of mobilehome, factory built, or other alternative construction technology as of 4/1/84.
Objective 13	Annual review of housing element.	Housing Element programs amended in 1982; housing element review in 1983 preceded 1984 revisions.

The City has also evaluated the effectiveness of the housing element in attaining the quantified community goals set forth in the housing element. The results of this evaluation are as follows:

1. Performance Objective 1 of the housing element sought to increase the ultimate allowable density on the then-remaining 297 acres of non-committed, undeveloped land by an aggregate of 25%. Residential density increases approved on major undeveloped parcels during the period from September 1981 through April 1, 1984 have resulted in 1743 additional dwelling units, from 1,083 units to 2,826 units, on six parcels comprising 198.6 gross acres. These residential density increases represent a 161% increase in residential density on these 198.6 gross acres.
2. Performance Objective 2 sought to encourage the allocation of at least 10% of the approved housing units as housing affordable to low and moderate income households. During the period from March 1982 through April 1, 1984, the City has granted land use approvals on a total of twelve projects in which low and moderate income housing units have been required. These twelve land use approvals have led to a total of 1,872 additional dwelling units, from 1,128 units to 2,979 units. Of the additional 1,872 units approved, at least 514 of them must be affordable to low and moderate income households. These 514 low and moderate income units represent 17.3% of the total project units permitted on these twelve parcels, or 27.5% of the 1,872 additional units authorized by the city's land use approvals.

3. Performance Objective 3 sought to preserve 9,027 multi-family rental housing units for all income segments of the community by regulating the conversion of rental units to condominiums; and to preserve \pm 600 mobile home units through the adoption and application of a Mobile Home Park Zone. Continued application of the city's condominium conversion has prevented the conversion of any rental housing to condominium use in the intervening years. The adoption of the Mobile Home Park Zone in January of 1982, and its application to four existing mobile home parks has preserved 401 mobile home units as of the same date.
4. Performance Objective 4 sought to annually conserve and rehabilitate 3% of the approximately 340 substandard duplex, triplex and fourplex units in the beach areas of the city. As of April 1, 1984, it is estimated that only 320 duplex, triplex and fourplex units in the beach areas of the city remain in substandard condition.

APPENDICES

1984
INVENTORY OF
UNDEVELOPED LAND

City of
Newport Beach

UNDEVELOPED PARCELS¹

<u>Site Number</u>	<u>Parcel</u>
1.	Westbay
2.	Eastbluff Remnant
3.	Newporter North
4.	Castaways
5.	Fifth Avenue Corridor Parcels
6.	Freeway Reservation West -- Big Canyon Area #16
7.	Freeway Reservation East
8.	CalTrans West
9.	CalTrans East
10.	Mobil/Armstrong
11.	Aeronutronic Ford
12.	Bayview Landing
13.	Koll Center
14.	Emkay - Newport Place
15.	Jamboree and MacArthur
16.	San Diego Creek North
17.	North Ford/San Diego Creek South
18.	Newport Dunes
19.	Buck Gully
20.	Newport Center
21.	North Bay (unincorporated)
22.	Irvine Coastal Area (unincorporated)
23.	Mobil/Armstrong (unincorporated)

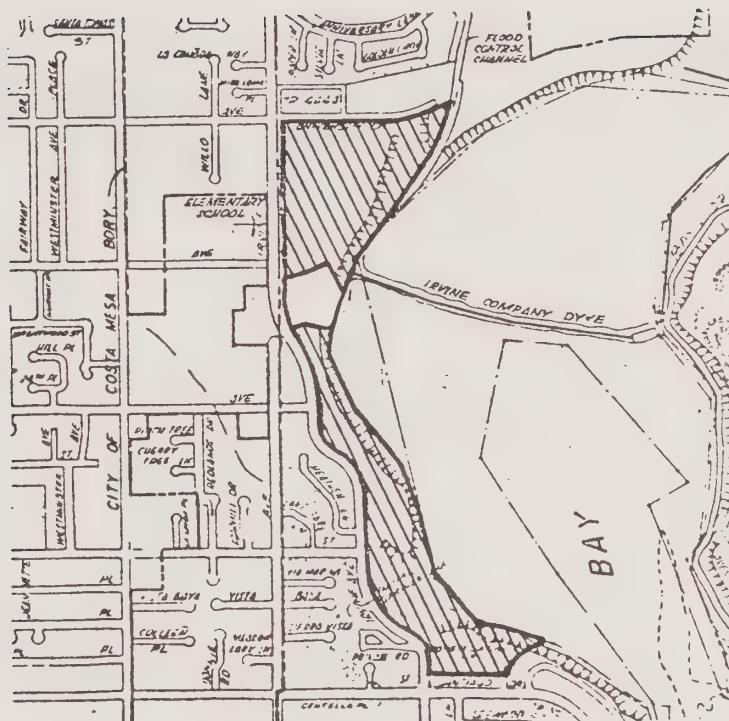
¹ See accompanying UNDEVELOPED PARCELS Map for parcel locations.

UNDEVELOPED PARCELS



SITE #1

WESTBAY



1. General Plan Designation: Mixed: Recreation and Environmental Open Space;
Low Density Residential/Density Transfer Area.
2. Local Coastal Program Designation: Mixed: Low Density Residential and Recreational and Environmental Open Space; park site shown for a mixture of Recreational and Environmental Open Space and Government, Educational and Institutional Facilities.
3. Existing Zoning: Planned Community (P-C) (no adopted P-C Development Text).
4. Site Area (Acres):

Gross	65.0
Net Buildable	33.84
(estimate)	
5. Constraints:
 - a) Environmental -- Proximity to Upper Newport Bay, drainage/riparian/wetland areas, coastal bluffs, endangered flora.
 - b) Other -- Impacted by airport/road noise, archaeological sites.

SITE #1

WESTBAY (Con't.)

6. Allowable Uses:

- a) General Plan -- Low Density Residential at 4 DU's per buildable area with 75% of the units to be transferred to Newport Center. It is estimated that 161 units could be built as follows:

- | | |
|-------------|----------|
| a) On-Site | 40 DU's |
| b) Off-Site | 121 DU's |

The site also includes a 6.4 acre County-owned parcel at the southern end and a 6.0 acre City park near the extension of Monte Vista, dedicated as a part of the Sea Island Condominium Project (not included in the above acreage figures). The Natural History Foundation is proposing construction of a Natural History Interpretative Center on the City park site. There is a ten-foot wide relocatable pedestrian and bike easement along the bluff top with access from Irvine Avenue and University Drive.

- b) L.C.P. -- Same as General Plan. Access ways are shown on the site along Irvine Avenue, University Drive and Upper Newport Bay with two vertical easements between Irvine Avenue and Upper Newport Bay. The six acre park site may accommodate a natural history museum with a joint use as an interpretive center for the Upper Newport Bay Ecological Reserve. Any development on the Westbay site shall be sited and designed to adequately protect and buffer the environmentally sensitive area(s) on this site.

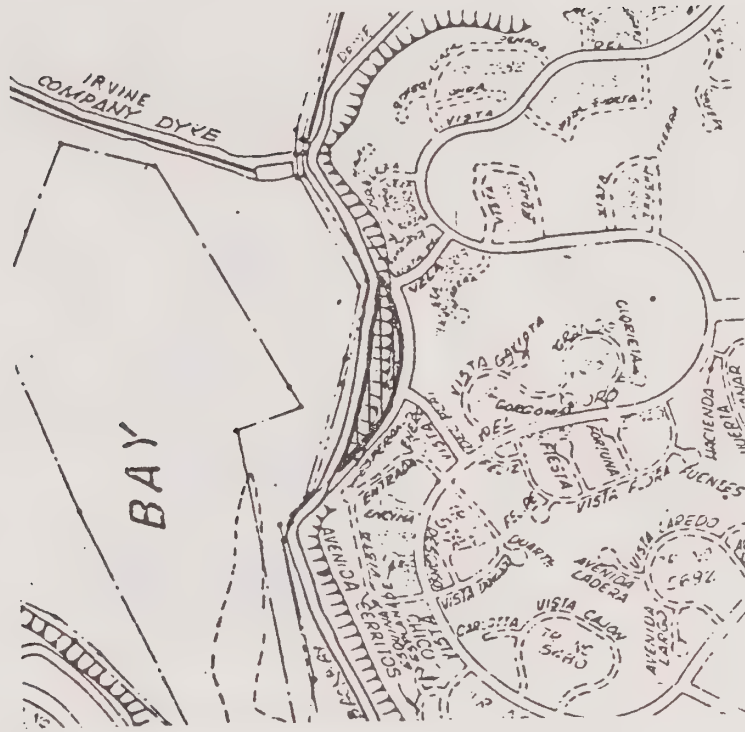
7. Public Facilities:

Including streets, sewer/electrical/gas lines, and park and open space are available adjacent to (or presently upon) the site and will be provided for in the event of development.

8. Timing:

No immediate plans for development.

EASTBLUFF REMNANT



1. General Plan Designation: Recreation and Environmental Open Space/Density Transfer Area.
2. Local Coastal Program Designation: Recreational and Environmental Open Space.
3. Existing Zoning: R-3-B.
4. Site Area (Acres):

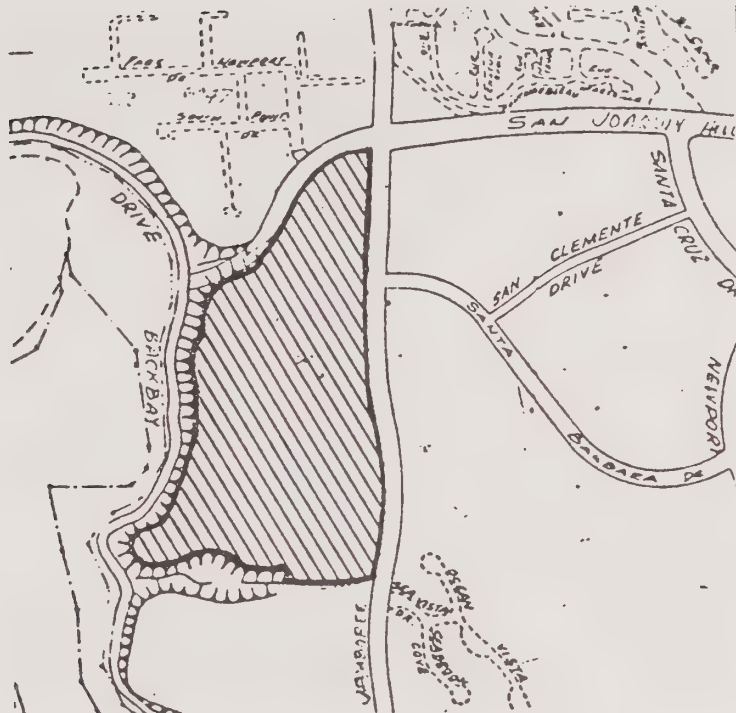
Gross	8.0
Net Buildable	0.0
(estimate)	
5. Constraints:
 - a) Environmental -- Proximity to Upper Newport Bay, riparian/wetland areas, coastal bluffs, endangered flora.
 - b) Other -- Possibly impacted by paleontological sites.

EASTBLUFF REMNANT (Con't.)

6. Allowable Uses:
- a) General Plan -- Recreational and Environmental Open Space uses. All development rights transferred to Newport Center. It is estimated that 24 units could be built as follows:
 - a) On-Site 0 DU's
 - b) Off-Site 24 DU's
 - b) L.C.P. -- Same as General Plan. Access way shown along Back Bay Drive. Any development of this site shall be sited and designed to adequately protect and buffer the environmentally sensitive area(s) on this site.
7. Public Facilities: Including streets, sewer/electrical/gas lines, and park and open space are available adjacent to (or presently upon) the site and will be provided for in the event of development.
8. Timing: No immediate plans for development.

SITE #3

NEWPORTER NORTH



1. General Plan Designation: Low Density Residential.
2. Local Coastal Program Designation: Low Density Residential.
3. Existing Zoning: Planned Community (P-C) (no adopted P-C Development Text).
4. Site Area (Acres):

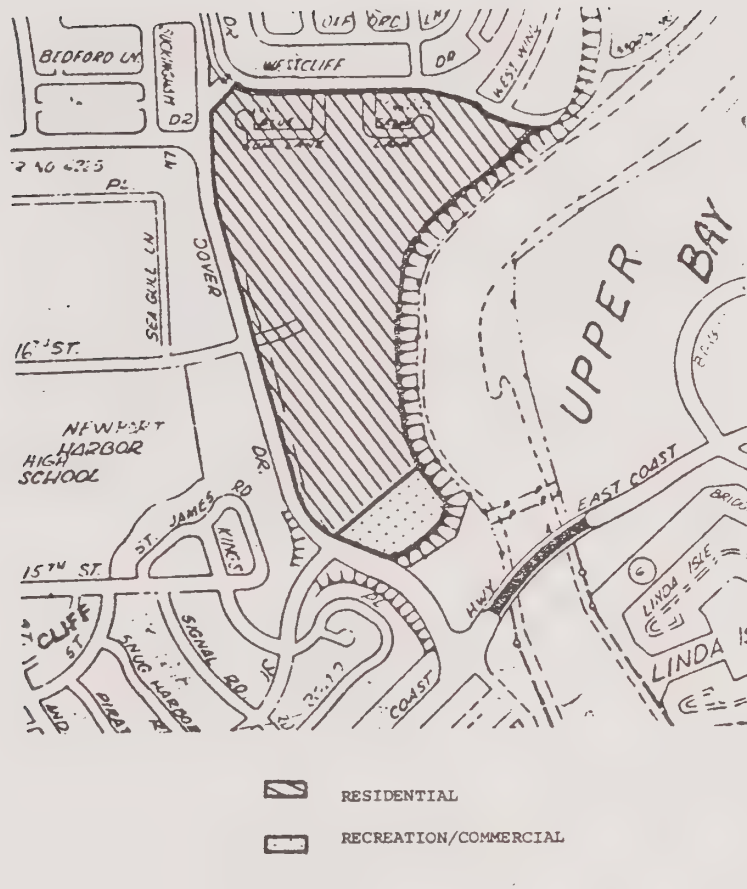
Gross	88.0
Net Buildable	58.24
(estimate)	
5. Constraints:
 - a) Environmental -- Proximity to Upper Newport Bay, riparian/wetland areas, coastal bluffs, endangered flora.
 - b) Other -- Impacted by road noise, archaeological sites, flood-light fallout areas.

NEWPORTER NORTH (Con't.)

6. Allowable Uses:
- a) General Plan -- Low Density Residential development at 4 DU's per buildable acre with 25% of the allowable units transferable to either Newport Center or North Ford at the option of the property owner. Additionally, the structures shall be clustered to accommodate archaeological and marsh sites. It is estimated that approximately 212 DU's could be built.
 - b) L.C.P. -- Same as General Plan. Accessways shown along Jamboree Road and Back Bay Drive. Any development of this site shall be sited and designed to adequately protect and buffer the environmentally sensitive area(s) on this site.
7. Public Facilities:
- Including streets, sewer/electrical/gas lines, and park and open space are available adjacent to (or presently upon) the site and will be provided for in the event of development.
8. Timing:
- No immediate plans for development.

SITE #4

CASTAWAYS



1. General Plan Designation: Low Density Residential; Recreational and Marine Commercial.
2. Local Coastal Program Designation: Same as General Plan.
3. Existing Zoning: Planned Community (P-C) (no adopted P-C Development Text).
4. Site Area (Acres):

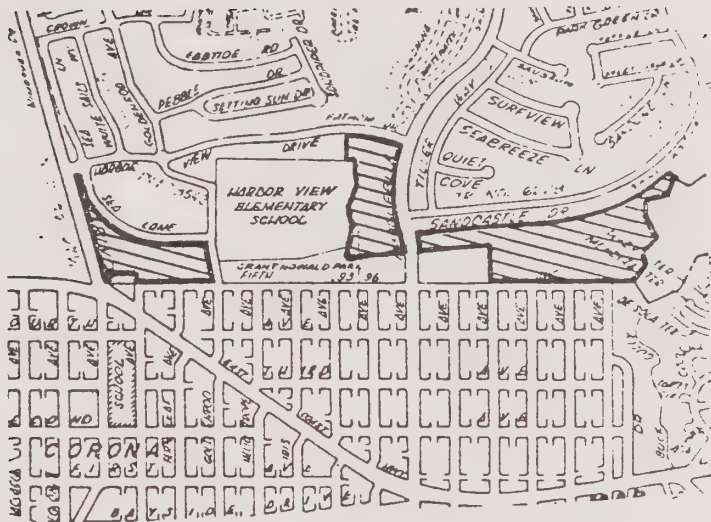
Gross	65.0
Net Buildable	38.8
(estimate)	
5. Constraints:
 - a) Environmental -- Proximity to Upper Newport Bay, riparian/wetland areas, coastal bluffs.
 - b) Other -- Paleontological sites.

SITE #4

CASTAWAYS (Con't.)

6. Allowable Uses:
- a) General Plan -- The northerly 60 acres of the site is designated for Low Density Residential development at 4 DU's per buildable acre. It is estimated that approximately 151 dwelling units could be built. A 10 foot by 50 foot relocatable pedestrian and bike trail easement has been granted on the site. The trail is located along the bluff top from Polaris Drive to a point fifty feet to the south. The southerly 5 acres of the site is designated for Recreation and Marine Commercial uses (excluding hotels and motels) on \pm 5 acres. It is estimated that \pm 40,000 sq.ft. of development will occur.
 - b) L.C.P. -- Same as General Plan. Accessways are shown along the bluff and between 16th Street and the bluff. Any development of this site will be sited and designed to adequately protect and buffer the environmentally sensitive area(s) on the site.
7. Public Facilities:
- Including streets, sewer/electrical/gas lines, and park and open space are available adjacent to (or presently upon) the site and will be provided for in the event of development.
8. Timing:
- No immediate plans for development.

5th AVENUE PARCELS



1. General Plan Designation: Low Density Residential; Recreational and Environmental Open Space.
2. Existing Zoning: Planned Community (P-C), R-1-B, and R-3-B.
3. Site Area (Acres):

Gross	29.2
Net Buildable	22.44
(estimate)	
4. Allowable Uses:
 - a) General Plan -- Low Density Residential uses at 4 DU's per buildable acre. A General Plan Amendment is currently in process with the change in density allotment categories, it is estimated approximately 228 dwelling units would be allowed.
5. Public Facilities: Including streets, sewer/electrical/gas lines, and park and open space are available adjacent to (or presently upon) the site and will be provided for in the event of development.
6. Timing: Applications are being processed and construction possibly could begin in Spring, 1985.

SITE #6

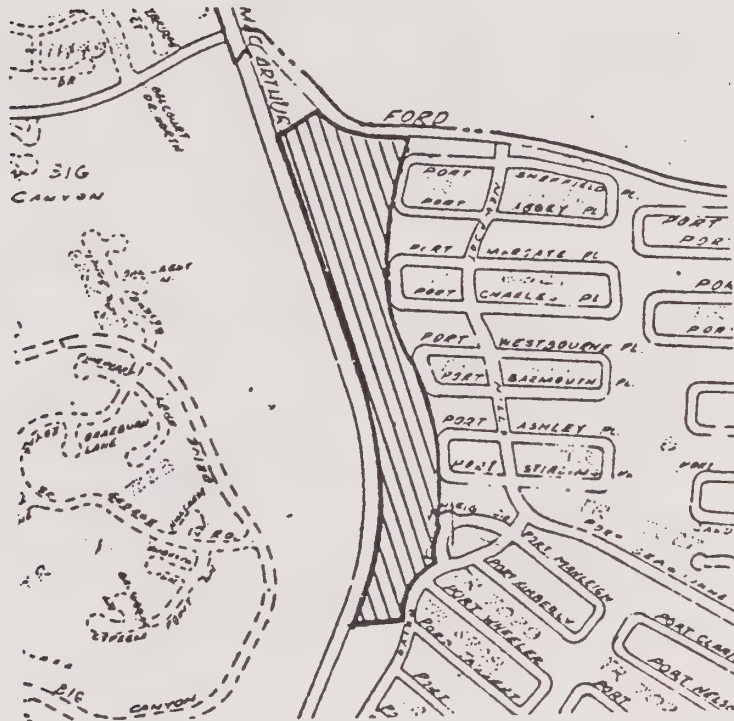
FREEWAY RESERVATION WEST
-- BIG CANYON AREA #16



1. General Plan Designation: Medium Density Residential.
2. Existing Zoning: Planned Community (P-C) (with adopted P-C Development Text).
3. Site Area (Acres):

Gross	10.9
Net Buildable	8.7
(estimate)	
4. Constraints: Other -- Impacted by road noise.
5. Allowable Uses: General Plan -- Medium Density Residential uses at 10 DU's per buildable acre. Tentative Tract Map has been approved for 80 dwelling units on this site.
6. Public Facilities: Including streets, sewer/electrical/gas lines, and park and open space are available adjacent to (or presently upon) the site and will be provided for in the event of development.
7. Timing: Construction should begin in Fall, 1984.

FREEWAY RESERVATION EAST

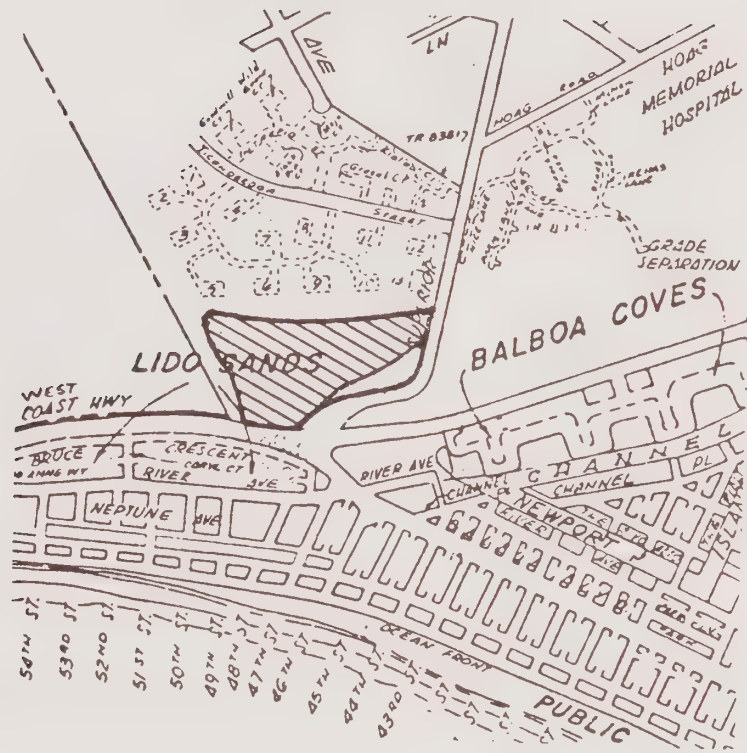


1. General Plan Designation: Low Density Residential.
2. Existing Zoning: Planned Community (P-C) (no adopted P-C Development Text).
3. Site Area (Acres):

Gross	25.0
Net Buildable	20.0
(estimate)	
4. Constraints: Other -- Impacted by road noise, limited access potential.
5. Allowable Uses: General Plan -- Low Density Residential with a maximum of 4 DU's per buildable acre. It is estimated that 76 DU's could be built on this site.
6. Public Facilities: Including streets, sewer/electrical/gas lines, and park and open space are available adjacent to (or presently upon) the site and will be provided for in the event of development.
7. Timing: No immediate plans for development.

SITE #8

CALTRANS WEST



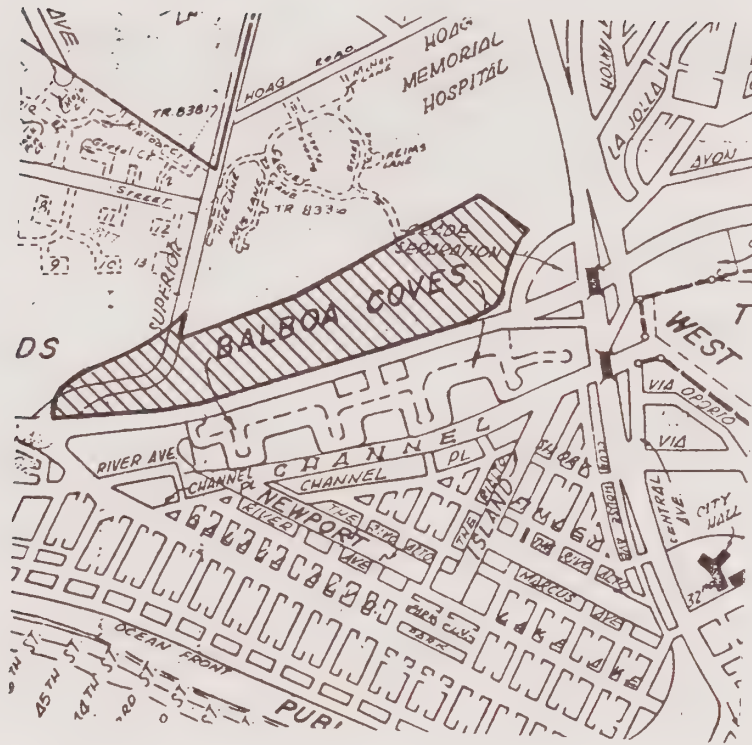
1. General Plan Designation: Multi-Family Residential.
2. Local Coastal Program Designation: Recreational and Environmental Open Space.
3. Existing Zoning: Planned Community (P-C) (no adopted P-C Development Text).
4. Site Area (Acres):

Gross	13.6
Net Buildable	10.16
(estimate)	
5. Constraints: Other -- Impacted by road noise.
6. Allowable Uses:
 - a) General Plan -- Multi-Family Residential uses at 15 DU's per buildable acre. It is estimated that 152 DU's could be built on this site. A pedestrian and bicycle park easement shall be developed to connect a 1 acre on-site view park with a required neighborhood park.
 - b) L.C.P. -- Recreational and Environmental Open Space uses with the intent that this parcel be acquired for public open space.

CALTRANS WEST (Con't.)

7. Public Facilities: Including streets, sewer/electrical/gas lines, and park and open space are available adjacent to (or presently upon) the site and will be provided for in the event of development.
8. Timing: No immediate plans for development.

CALTRANS EAST



1. General Plan Designation: Recreational and Environmental Open Space.
2. Local Coastal Program Designation: Recreational and Environmental Open Space.
3. Existing Zoning: Unclassified (U).
4. Site Area (Acres):

Gross	25.0
Net Buildable (estimate)	
5. Constraints:
 - a) Environmental -- Coastal bluffs
 - b) Other -- Impacted by road noise, limited access potential, methane gas seepage.
6. Allowable Uses:
 - a) General Plan -- Parking, public recreational and visual-environmental purposes.
 - b) L.C.P. -- Same as General Plan.

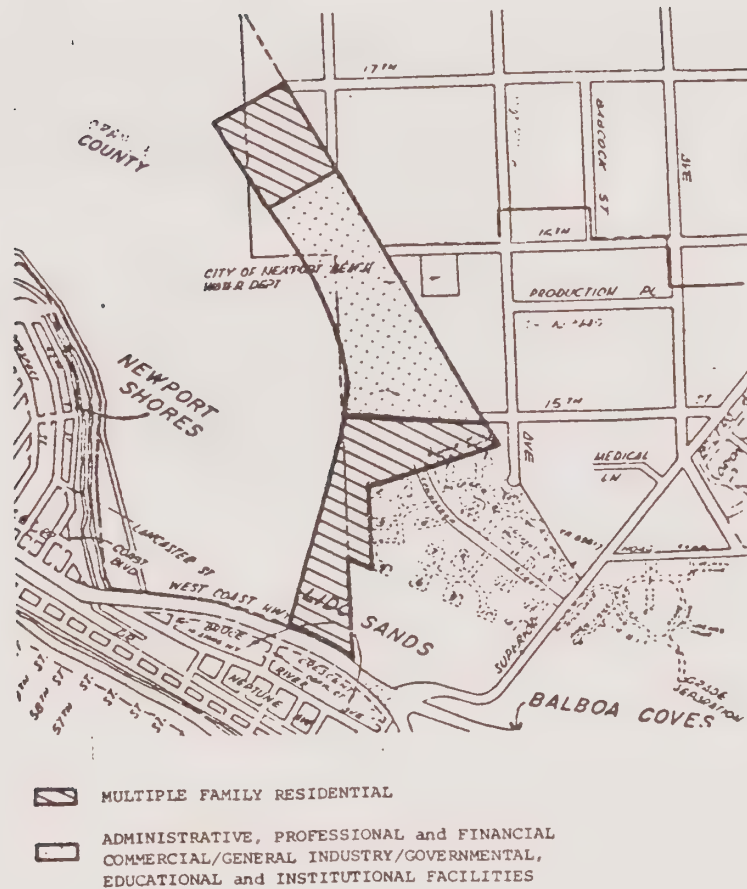
SITE #9

CALTRANS EAST (Con't.)

7. Public Facilities: Including streets, sewer/electrical/gas lines, and park and open space are available adjacent to (or presently upon) the site and will be provided for in the event of development.
8. Timing: Hoag Hospital is negotiating with the State to purchase this parcel for expansion of hospital facilities. If the purchase occurs, it is anticipated that the General Plan would be amended to accommodate this expansion. No immediate plans for development.

MOBIL/ARMSTRONG

MOBIL/ARMSTRONG



1. General Plan Designation: Multi-Family Residential; Mixed: Administrative, Professional, and Financial Commercial; General Industry; Governmental, Educational, and Institutional Facilities.
2. Local Coastal Program Designation: Low-Density Residential.
3. Existing Zoning: Planned Community (P-C) (with adopted P-C Development Text).
4. Site Area (Acres):

Gross	75.5
Net Buildable	55.4
(estimate)	
(includes some area within the County of Orange's jurisdiction)	
5. Constraints: Environmental -- Riparian/wetland areas, modified coastal bluffs, potential habitat for endangered species.

SITE #10

MOBIL/ARMSTRONG (Con't.)

6. Allowable Uses:
- a) General Plan -- The northerly (Area #1 -- 27.9 acres) and southerly Area #3 -- 17.3 acres) areas of the site is designated for Multi-Family Residential with a maximum of 15 DU's per buildable acre. It is estimated that 406 DU's could be build on these areas, with transfer of units from Area #1 to Area #3 allowed. The central (area # 2 -- 30.3 acres) area is designated for Mixed Uses: Administrative, Professional, and Financial Commercial; General Industry; Governmental, Educational and Institutional Facilities. 400,000 sq.ft. of development is permitted on this site.
 - b) L.C.P. -- Low-Density Residential uses at 4 DU's per buildable acre.
7. Public Facilities:
- Including streets, sewer/electrical/gas lines, and park and open space are available adjacent to (or presently upon) the site and will be provided for in the event of development.
8. Timing:
- No immediate plans for development.

AERONUTRONIC FORD



1. General Plan Designation: General Industry; and Low Density, Medium Density, Multi-Family Residential.
2. Existing Zoning: Planned Community (P-C) (with adopted P-C Development Text).
3. Site Area (Acres):

Gross	215.2 (none vacant)
Net Buildable	171.5
	(estimate)
4. Constraints: Other -- Impacted by road noise.
5. Allowable Uses: General Plan -- Industrial, Office, and Residential uses. Buildout of the 380 DU's approved (and begun) upon the residential parcels. Additional future development upon those industrial parcels presently with temporary structures (18.6 net buildable acres) and existing industrial parcels is limited to 360,000 sq.ft.

SITE #11

AERONUTRONIC FORD (Con't.)

6. Public Facilities: Including streets, sewer/electrical/gas lines, and park and open space are available adjacent to (or presently upon) the site and will be provided for in the event of development.

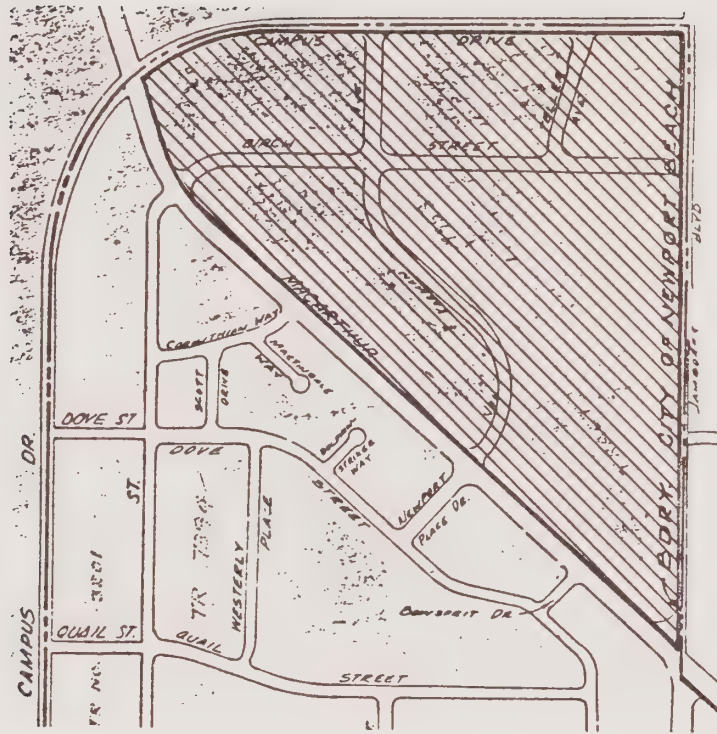
7. Timing: Residential:

212 Units	On-going
168 units	1985

Office and Industrial:

240,000 sq.ft.	previously scheduled (unbuilt as yet)
70,000 sq.ft.	1987
25,000 sq.ft.	1991
25,000 sq.ft.	1993

KOLL CENTER



1. General Plan Designation: Governmental, Educational and Institutional Facilities; Administrative, Professional and Financial Commercial: Retail and Service Commercial; and General Industry.
2. Existing Zoning: Planned Community (P-C) (with adopted development text).
3. Site Area (Acres):

Gross	159 (34.7 vacant, excluding courthouse site -- 7.8)
Net Buildable (estimate)	--- (31.23 vacant, excluding courthouse site -- 7.02)
4. Constraints: Other -- Impacted by airport/road noise.
5. Allowable Uses: General Plan -- Future development is limited as follows:

Office Site A

Office	10,198 sq.ft. ¹
Restaurant	5,000 sq.ft. ¹
Retail	10,000 sq.ft. ¹
Hotel	±440 rooms
(subject to Use Permit)	

SITE #12

BAYVIEW LANDING (Con't.)

- b) L.C.P. -- The upper portion of the site shall be used for public recreation uses, with a view park and a bike path. The lower portion shall be used for visitor-serving commercial uses.

7. Public Facilities:

Including streets, sewer/electrical/gas lines, and park and open space are available adjacent to (or presently upon) the site and will be provided for in the event of development.

8. Timing:

No immediate plans for development.

SITE #13

KOLL CENTER (Con't.)

Office Site B

Office	200,685 sq.ft.
Restaurant	7,000 sq.ft.

Office Site C

Office	358,200 sq.ft.
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Office Site D

Office	93,051 sq.ft. ¹
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Office Site E

Office	5,725 sq.ft.
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Office Site F

-0-

Office Site G

-0-

Retail Site 1

Office	20,000 sq.ft.
Retail	60,120 sq.ft.

Industrial Sites 1 & 2

Industrial	31,775 sq.ft.
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Orange County

Courthouse	25,625 sq.ft.
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Koll Center Total

Office	687,859 sq.ft.
Restaurant	12,000 sq.ft.
Retail	60,120 sq.ft.
Industrial	31,775 sq.ft.
Courthouse	25,625 sq.ft.

... 817,379 sq.ft.

Hotel	±440 rooms (subject to Use Permit)
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¹ There is currently in process a request to transfer these uses, and their square footage allotments to office Site B.

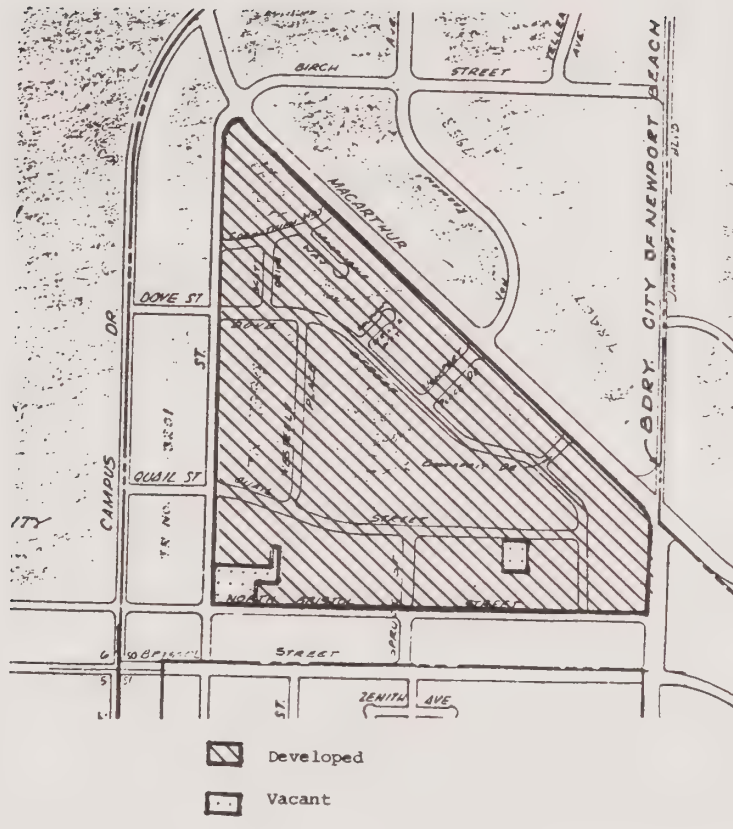
SITE #13

KOLL CENTER (Con't.)

6. Public Facilities: Including streets, sewer/electrical/gas lines, and park and open space are available adjacent to (or presently upon) the site and will be provided for in the event of development.
7. Timing: A Phasing Plan is currently under consideration for the remaining Koll/Aetna-owned property and to revise The Irvine Company-owned Block C.

SITE #14

EMKAY - NEWPORT PLACE



1. General Plan Designation: Administrative, Professional and Financial Commercial; General Industry; and Retail and Service Commercial.
2. Existing Zoning: Planned Community (P-C) (with adopted development text).
3. Site Area (Acres):

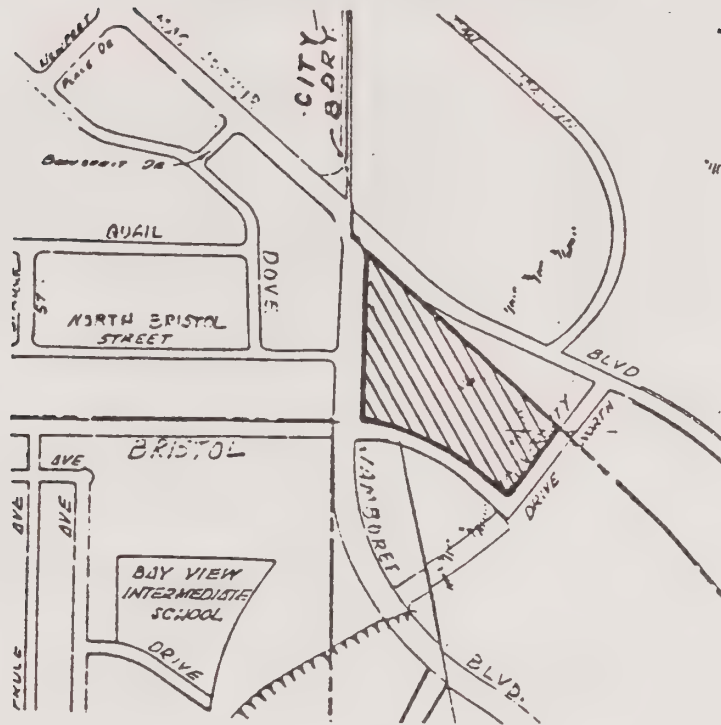
Gross	145 acres (approximately 6 vacant).
Net Buildable (estimate)	5.9
4. Constraints: Other -- Impacted by airport/road noise.
5. Allowable Uses: General Plan -- Industrial, Commercial and Office uses. Remaining development upon the vacant parcels is limited to 58,081 sq.ft., and for the remainder of the site an additional 250,012 sq.ft.

SITE #14

EMKAY - NEWPORT PLACE (Con't.)

6. Public Facilities: Including streets, sewer/electrical/gas lines, and park and open space are available adjacent to (or presently upon) the site and will be provided for in the event of development.
7. Timing: No immediate plans for development.

JAMBOREE and MacARTHUR



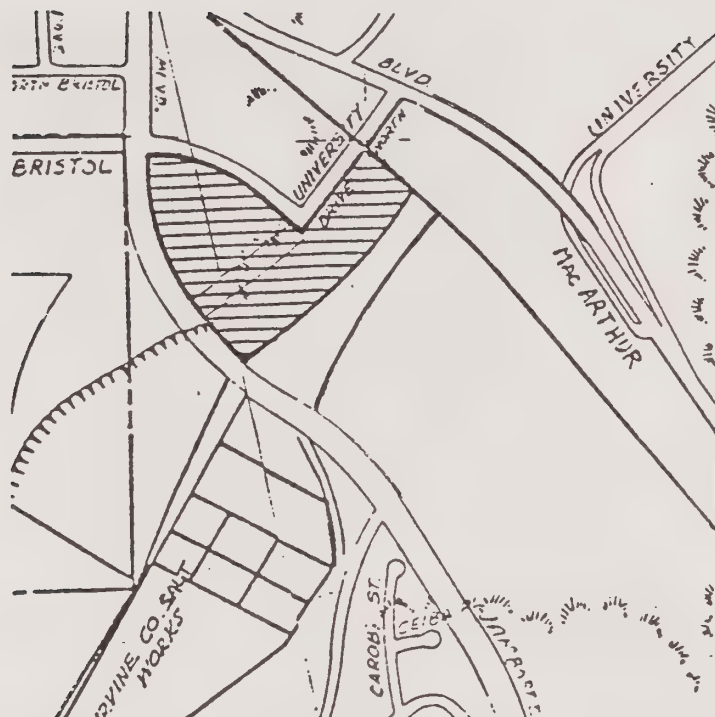
1. General Plan Designation: Governmental, Educational, and Institutional Facilities with secondary Alternate designations of: Retail and Service Commercial; and Administrative, Professional and Financial Commercial.
2. Local Coastal Program Designation: Same as General Plan.
3. Existing Zoning: Unclassified (U).
4. Site Area (Acres):

Gross	2.0
Net Buildable	1.8
(estimate)	
5. Constraints:
 - a) Environmental -- Fresh water ponds/wetland.
 - b) Other -- Impacted by road noise.

JAMBOREE and MacArthur (Con't.)

6. Allowable Uses:
- a) General Plan -- Freeway loop ramp and/or "Park and Ride" Facility, or as a secondary alternate uses; a mixture of Retail, Service, Administrative, Professional and Financial Commercial uses with density limitations to be established in the P-C Development Plan.
 - b) L.C.P. -- Same as General Plan.
7. Public Facilities:
- Including streets, sewer/electrical/gas lines, and park and open space are available adjacent to (or presently upon) the site and will be provided for in the event of development.
8. Timing:
- No immediate plans for development.

SAN DIEGO CREEK NORTH



1. General Plan Designation: Governmental, Educational, and Institutional Facilities with secondary Alternate designations of: Retail and Service Commercial.
2. Local Coastal Program Designation: Retail and Service Commercial.
3. Existing Zoning: Unclassified (U).
4. Site Area (Acres):

Gross	12.0
Net Buildable	10.8
(estimate)	
5. Constraints:
 - a) Environmental -- Proximity to San Diego Creek.
 - b) Other -- Impacted by road noise, water and gas lines easement.
6. Allowable Uses:
 - a) General Plan -- "Park and Ride" Facility, or as a secondary alternate use: Retail and Service Commercial uses not to exceed 52,727 square feet.

SAN DIEGO CREEK NORTH (Con't.)

- b) L.C.P. -- "Park and Ride" facilities, temporary dredge spoil disposal, or 52,727 square feet of retail and service commercial uses.

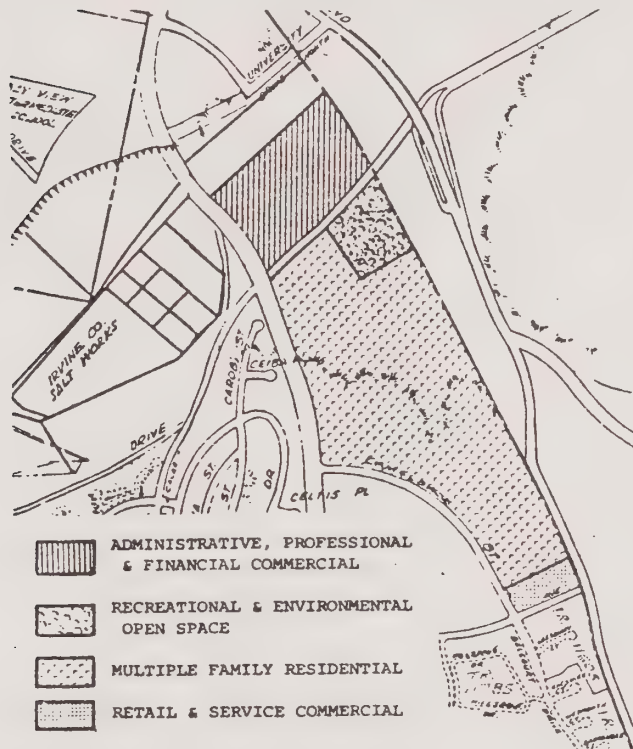
7. Public Facilities:

Including streets, sewer/electrical/gas lines, and park and open space are available adjacent to (or presently upon) the site and will be provided for in the event of development.

8. Timing:

No immediate plans for development.

NORTH FORD/SAN DIEGO CREEK SOUTH



1. General Plan Designation: Multi-Family Residential; Administrative, Professional, and Financial Commercial; Retail and Service Commercial; Recreational and Environmental Open Space.
2. Local Coastal Program Designation: (San Diego Creek south only) General Industry.
3. Existing Zoning: Planned Community (P-C) (with adopted P-C Development Text).
4. Site Area (Acres):

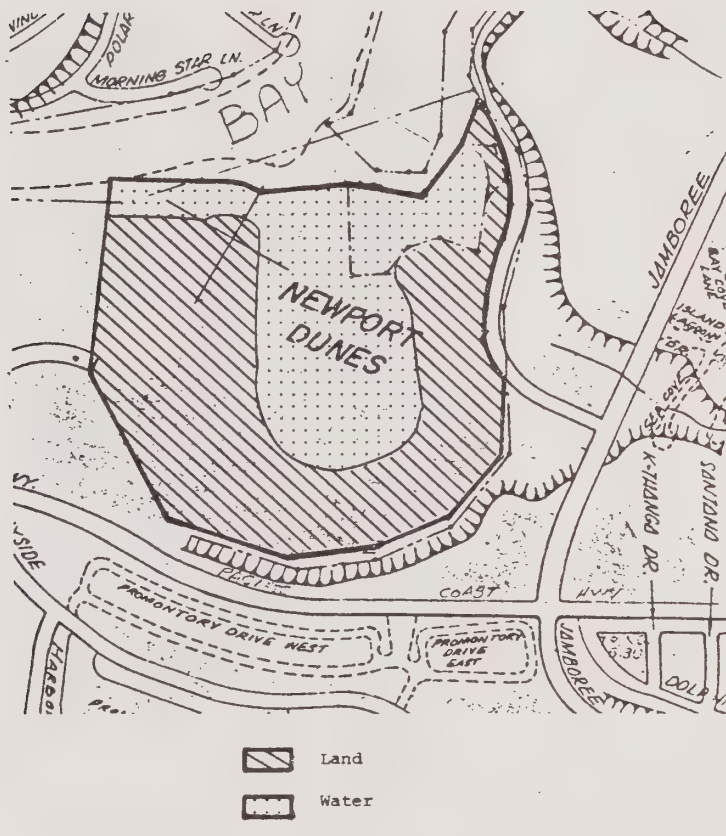
Gross	118.0
Net Buildable	100.67
(estimate)	
5. Constraints:
 - a) Environmental -- Proximity to San Diego Creek.
 - b) Other -- Impacted by road noise.

NORTH FORD/SAN DIEGO CREEK SOUTH (Con't.)

6. Allowable Uses:
- a) General Plan -- The northerly (Area #4 -- 22.0 acres) of the site is designated for Administrative, Professional, and Financial Commercial uses. The amount of development shall be set by amendment to the P-C Development Text. The northeast area (Area #6 -- 12.0 acres) of the site is designated for Recreational and Environmental Open Space use as an active park. The central area (Area #5 -- 79.0 acres) of the site is designated for Multi-Family Residential development with a maximum of 888 dwelling units. The southerly area (Area #3 -- 5.0 acres) of the site is designated for Retail and Service Commercial uses not to exceed 50,000 square feet.
 - b) L.C.P. -- (only pertinent to northerly areas of the site; i.e., San Diego Creek South). "Park and Ride" facilities, temporary dredge spoil disposal, or 204,732 square feet of general industrial uses.
7. Public Facilities: Including streets, sewer/electrical/gas lines, and park and open space are available adjacent to (or presently upon) the site and will be provided for in the event of development.
8. Timing: No immediate plans for development.

SITE #18

NEWPORT DUNES



1. General Plan Designation: Recreational and Environmental Open Space.
2. Local Coastal Program Designation: Same as General Plan.
3. Existing Zoning: Unclassified (U).
4. Site Area (Acres):

	Land	Water
Gross	70.0	+26.0
Net Buildable (estimate)	67.2	0.0
5. Constraints: Environmental -- Proximity to Upper Newport Bay, Coastal Bluffs

NEWPORT DUNES (Con't.)

6. Allowable Uses:

- a) General Plan -- Recreational and Environmental Open Space uses with Public, Marine-Oriented Park, and related facilities permitted under Newport Beach planning programs. Under Orange County's Local Coastal Program, the Redevelopment Plan (agreed to by the City of Newport Beach) includes: marine uses consisting of expansion of the existing boat slips to a maximum of 400 total slips and development of an additional 200 new slips; as well as non-marine facilities such as a family inn of 275 rooms not to exceed 500,000 square feet, two additional restaurants with maximums of 5,000 and 7,500 square feet and expansion of the existing restaurant not to exceed a total area of 15,000 square feet, a retail commercial/office building not to exceed 10,000 square feet and another office building with a maximum of 12,000 square feet, and a recreation vehicle park accommodating up to 444 vehicles with a support center of 5,000 square feet.
- b) L.C.P. -- Recreational and Environmental Open Space uses.

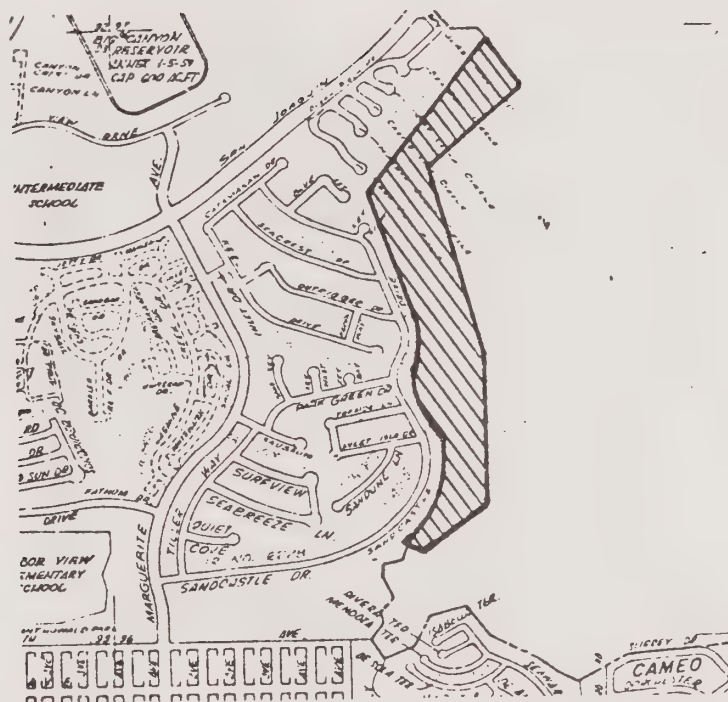
7. Public Facilities:

Including streets, sewer/electrical/gas lines, and park and open space are available adjacent to (or presently upon) the site and will be provided for in the event of development.

8. Timing:

Construction should begin in Summer, 1984.

BUCK GULLY



1. General Plan Designation: Recreational and Environmental Open Space with an Alternate use of: Low Density Residential.
2. Local Coastal Program Designation: Recreational and Environmental Open Space.
3. Existing Zoning: R-1-B.
4. Site Area (Acres):

Gross	49.07
Net Buildable	0.0
(estimate)	
5. Constraints:
 - a) Environmental -- Drainage areas, endangered flora, slope areas greater than 2:1.
 - b) Other -- Impacted by aircraft noise.
6. Allowable Uses:
 - a) General Plan -- Recreational and Environmental Open Space for public recreation uses. As an alternate use, Low Density Residential development is designated but is not likely because of the site's constraints. A General Plan Amendment is being processed to remove the alternate use designation from the site.

SITE #19

BUCK GULLY (Con't.)

b) L.C.P. -- Recreational and Environmental
Open Space.

7. Public Facilities:

Including streets, sewer/electrical/gas lines,
and park and open space are available adjacent
to (or presently upon) the site and will be
provided for in the event of development.

8. Timing:

No immediate plans for development.

SITE #20

NEWPORT CENTER



1. General Plan Designation: Retail and Service Commercial; Administrative, Professional and Financial Commercial; Low Density, Medium Density, Multi-Family Residential; and Recreational and Environmental Open Space.
2. Local Coastal Program Designation: (western third only) Administrative, Professional and Financial Commercial; Medium-Density Residential; Recreational and Environmental Open Space; and Recreational and Marine Commercial.
3. Existing Zoning: Mixed -- Planned Community (P-C) (with adopted development texts), Open Space (O-S), Unclassified (U), and C-O-H.
4. Site Area (Acres): Gross 330 (approximately 122 vacant)
5. Constraints: Other -- Impacted by road noise.

SITE #20

NEWPORT CENTER (Con't.)

6. Allowable Uses¹:

a) General Plan --

a. Existing development includes the following:

Office & Medical	2,836,830 sq.ft.
Commercial Retail	1,181,250 sq.ft.
Theater	1,750 seats
Hotel	377 rooms
Residential	112 DU's
Institutional	92,100 sq.ft.
Automotive	5 acres
Golf Course	18 holes
Tennis Club	24 courts

b. Approved and committed includes:

Office & Medical	197,452 sq.ft.
Commercial Retail	11,000 sq.ft.
Theater	1,350 seats
Hotel	559 rooms
Residential	87 DU's
Institutional	10,000 sq.ft.

c. Future additional allowable includes:

Office & Medical	31,974 sq.ft.
Commercial Retail	58,750 sq.ft.
Theater	650 seats
Residential ²	607 DU's
Institutional	4,000 sq.ft.

b) L.C.P. --

7. Public Facilities:

Including streets, sewer/electrical/gas lines, and park and open space are available adjacent to (or presently upon) the site and will be provided for in the event of development.

NEWPORT CENTER (Con't.)

8. Timing:

Following is a phasing schedule for the remaining approved and committed development in Newport Center.

a) 1984

Commercial Retail	
Civic Plaza	8,000 sq.ft.

b) 1985

Office & Medical	
Institutional	15,000 sq.ft.
Civic Plaza	10,000 sq.ft.
Residential	
P.C.H. Frontage	87 DU's

c) 1986

Hotel	
Block 600	559 rooms
Office & Medical	80,000 sq.ft.

Following is the remaining development in Newport Center for which no phasing schedule has been developed:

Office & Medical	134,426 sq.ft.
Commercial Retail	61,750 sq.ft.
Theater	2,000 seats
Residential ²	694 DU's
Institutional	4,000 sq.ft.

¹ Total development limited by General Plan Amendment 79-1.

² Newport Center has the potential for an additional 326 "floating" units -- transferred from other company owned parcels and allocated to Newport Center, to be applied to the parcel(s) of the Irvine Company's choosing -- subject to the approval of the City of Newport Beach.

SITE #21

NORTH BAY



1. General Plan Designation: Recreational and Environmental Open Space with an Alternate use of: Low Density Residential (on all but the Bayview school site).
2. Existing Zoning: City of Newport Beach Zoning - Unclassified (U).
County of Orange Zoning - General Agriculture (A-1).
3. Site Area (Acres):

Gross	80.83 (including the 11.0 acre
(estimate)	Bayview School site).
Net Buildable	Undetermined
(estimate)	
4. Constraints:
 - a) Environmental -- Proximity to Upper Newport Bay, drainage/riparian/wetland areas.
 - b) Other -- Impacted by airport/road noise, limited access potential.

NORTH BAY (Con't.)

5. Allowable Uses:

The Newport Beach General Plan permits Recreation an Environmental Open Space uses directed towards the development of a regional park. The Alternate use would be Residential Development at 4 dwelling units per buildable acre. This site is impacted by several site considerations which would limit development to less than 200 units. The County's "draft" Local Coastal Plan proposes a combination of Open Space and Residential Development between 3.5 and 18 DU's per acre. The County is currently processing a General Plan Amendment to allow a multi-use development including residential, commercial office, and hotel uses.

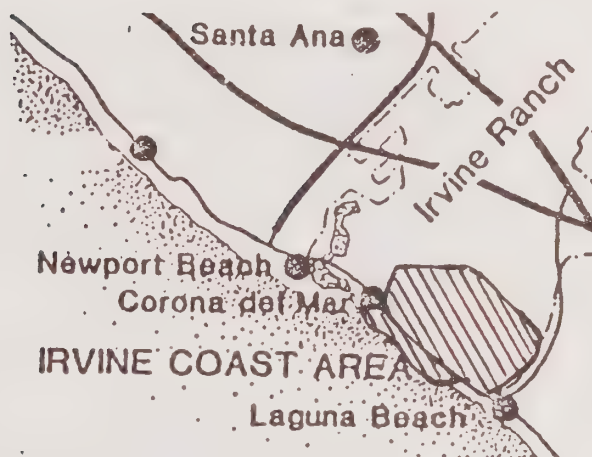
6. Public Facilities:

Including streets, sewer/electrical/gas lines, and park and open space are available adjacent to (or presently upon) the site and will be provided for in the event of development.

7. Timing:

Applications are being processed and construction could begin in Fall, 1985.

IRVINE COASTAL AREA



1. General Plan Designation: Most of the development will occur within the City's "Sphere of Influence." The Newport Beach General Plan does not contain proposed uses for this area.
2. Existing Zoning: General Agriculture (A-1) (County of Orange zoning).
3. Site Area (Acres):

Gross	9,370
Net Buildable	Undetermined
(estimate)	
4. Constraints:
 - a) Environmental -- Drainage/riparian/wetland areas, coastal bluffs, rare and endangered flora and fauna, slope areas greater than 2:1.
 - b) Other -- Impacted by road noise, archaeological and paleontological sites, limited access potential.
5. Allowable Uses:

Following are the uses proposed in the County of Orange LCP for this area:

Residential	1785-2000 DU's (depending on outcome of public purchase efforts)
Hotel	2,000 rooms
Tourist Commercial	250,000 sq.ft.

IRVINE COASTAL AREA (Con't.)

6. Public Facilities: Including streets, sewer/electrical/gas lines, and park and open space are available adjacent to (or presently upon) the site and will be provided for in the event of development.
7. Timing: The approved County of Orange Local Coastal Program for the area is currently under litigation. The ultimate development should occur within ten to twenty years.

MOBIL/ARMSTRONG (UNINCORPORATED)



1. General Plan Designation: Specific Area Plan directed towards the development of a harbor with marine service and commercial, recreational and open space uses and associated neighborhood "Retail and Service Commercial." As an alternate use, without a harbor, residential and associated Retail and Service Commercial. Land Use designation per the Residential Growth Element is Low-Density Residential.
2. Existing Zoning: County of Orange Zoning:
 Multiple-Family Residential/"Oil Overlay" - R-4/"0".
 Light Industrial/"Oil Overlay" - MI/"0"
 General Commercial/"Oil Overlay" - C-1/"0"
 Multiple-Family Residential - R-4
3. Site Area (Acres):
 Gross 450.0 (unincorporated territory)
 (estimate)
 Net Buildable Undetermined
 (estimate)
4. Constraints:
 - a) Environmental -- Drainage/riparian/wetland areas, endangered species habitat, high water table.

MOBIL/ARMSTRONG (UNINCORPORATED) (Con't.)

- b) Other -- Possibly impacted by natural gas seepage, high flood potential; limited access (at this time).

5. Allowable Uses:

On 350 acres the City's General Plan permits the construction of a harbor with boat slips, marine service and commercial uses, and recreational and open space uses. Also permitted are 2108 residential units with associated Retail and Service Commercial uses to provide necessary neighborhood commercial. On the remaining 100 acres, the General Plan permits residential development at four dwelling units per buildable acre. This allows an estimated total development of approximately 2,408 dwelling units. Residential development could be clustered; however, no individual development would be permitted to exceed fifteen dwelling units per buildable acre.

If the proposed West Newport Harbor proves to be infeasible, the 2,108 residential dwelling units will be permitted on 350 acres of the site. Associated Retail and Service Commercial uses to provide necessary neighborhood commercial will also be permitted. On the remaining 100 acres the General Plan permits residential development at four dwelling units per buildable acre. This allows for the same estimated total development of approximately 2,408 dwelling units. This residential development could be clustered; however, no individual development would be permitted to exceed fifteen dwelling units per buildable acre.

6. Public Facilities:

Including streets, sewer/electrical/gas lines, and park and open space are available adjacent to (or presently upon) the site and will be provided for in the event of development.

7. Timing:

No immediate plans for development.

COMPLIANCE CHECKLIST

The following document lists specific provisions of Section 65580-65889 of the Government Code (Housing Element) and references there to page numbers within this element which address each provision. This has been done to assist the reader in locating specific policies and discussions as they relate to the state law.

GOVERNMENT CODE SECTION NUMBER	PROVISION	HOUSING ELEMENT REFERENCE Page
65583(a) (1)	-Population, employment trends, and projections	8-18
65583(a) (2)	-Household characteristics	18-32
65583(a) (3)	-Inventory of suitable residential sites	63-73
65583(a) (4)	-Analysis of governmental constraints	113-138
65583(a) (5)	-Analysis of non-governmental constraints	106-113
65583(a) (6)	-Analysis of special housing needs	28-32
65583(a) (7)	-Opportunities for energy conservation	74-75
65583(b)	-Community goals, policies	141-142
	-Quantified objectives	141-177
65583(c)	-Five year housing program	178-181
65583(c) (1)	-Identify sites	139-182 Objectives 3, 12
65583(c) (2)	-Assistance for low- and moderate-income households	139-182 Objectives 6, 7, 11
65583(c) (3)	-Remove government constraints	139-182 Objectives 1, 2, 4, 8

GOVERNMENT CODE SECTION NUMBER	PROVISION	HOUSING ELEMENT REFERENCE Page
65583(c) (4)	-Conserve and improve existing affordable housing	139-182 Objective 9
65583(c) (5)	-Promote equal housing opportunities	139-182 Objective 10
	-Identification of responsible parties	139-182 (Implementation Plan of All Objectives)
	-Public participation process	3
65588(a)	-Housing Element update and review	3

GLOSSARY OF PROGRAMS

Brief explanations and background information on several programs referred to in Part IV of this Housing Element are provided below.

1. COMMUNITY DEVELOPMENT BLOCK GRANT PROGRAM

The Community Development Block Grant Program was introduced in Title I of the Housing and Community Development Act of 1974. The program replaced several "categorical" grant programs which allowed cities and counties to apply for funding for district purposes on a case-by-case basis. The "block grant" approach allocates funds for a variety of activities which are packaged into community development programs at the local level.

Program Purpose

The purpose of the CDBG Program is described in the following legislative objectives:

- To support realistic and attainable strategies for expanding low- and moderate-income housing opportunities;
- To promote deconcentration of lower-income housing;
- To promote more rational land use;
- To provide increased economic opportunities for low- and moderate-income persons; and
- To correct deficiencies in public facilities which affect the public health or safety, especially of low- and moderate-income persons.

Application Process:

Communities with populations over 50,000 are "entitlement" communities, and receive an allocation of CDBG funds on the basis of population. An application must be submitted to the Department of Housing and Urban Development, usually in June or July preceding the fiscal year which begins October 1.

The application must contain an assessment of housing and community development needs and a comprehensive, three-year strategy to address needs identified. A Housing Assistance Plan must also be included, which assesses housing needs of lower-income households and housing conditions within the community, and sets forth a three-year Housing Assistance Plan which describes the types of housing programs needed to address needs identified.

Eligible Activities:

A summary of activities eligible for CDBG funding is provided below:

- Acquisition of real property that is blighted or deteriorated; appropriate for rehabilitation; appropriate for historic preservation; or suitable for public uses.
- Acquisition, construction, or rehabilitation of public works or facilities, including neighborhood facilities, senior centers, historic properties, utilities, streets, street lights, water and sewer facilities, etc.
- Code enforcement.
- Clearance, demolition, removal and rehabilitation of buildings and improvements, including financing rehabilitation of privately owned properties.
- Removal of architectural barriers which restrict mobility of the elderly or handicapped.
- Payments for loss of rental income.
- Disposition or retention of acquired real property.
- Provision of public services (in special circumstances only).
- Relocation payments.
- Cost of preparing CDBG applications.
- Payment of costs in administration of the CDBG program.
- Certain economic development activities.
- Grants to private nonprofit community development organizations and small business investment companies to undertake community development efforts.

2. TAX-EXEMPT MORTGAGE REVENUE BONDS

Tax-exempt mortgage revenue bonds are a relatively new source of financing for housing. The enabling legislation for the issuance of mortgage revenue bonds in California was passed in 1973. Since the passage of Proposition 13 and curtailments on the use of general obligation bonds, the use of tax-exempt housing bonds in California has escalated. Concerns regarding oversaturation of the bond market have arisen in California as well as across the nation. Revised state and federal policies on the use of housing bonds are presently evolving. In general, greater restrictions will be placed on the use of tax-exempt housing bonds to ensure their use in the public

interest. In short, housing bond programs must be targeted to households in need of housing assistance, and, in some circumstances, to neighborhoods with greatest housing needs.

Tax-exempt mortgage revenue bonds are generally attractive to investors because of the tax-exempt interest paid on long-term rates. Although housing bonds generally pay lower interest yields, a 7% to 9% tax-exempt return can compete favorably with a 12% to 15% return which is taxed at a high level.

Before a municipal tax-exempt bond issuance can be made, legal authorization and a legal opinion on the specific use of the bonds is necessary.

When the municipality has issued the bonds, private sector participants use the proceeds to make mortgages to program participants. Mortgage payments are then collected to pay off the bonds.

There is typically a 1% interest override in the bond interest rate; this means that if the bond is issued at 8%, the mortgage rate is 9%.

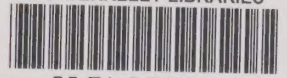
New federal regulations on the Mortgage Subsidy Bond Act of 1980 will determine the viability of using tax-exempt bonds in Newport Beach. These regulations are expected to restrict use of the bonds to first-time homebuyers, set limits on maximum housing unit sales prices, restrict assumability of mortgages, and require that a percentage of bonds be used only in targeted areas.

In addition, a ceiling limit on the amount of bonds issued in each state has been imposed. The California allocation then will be divided between state and local programs.

In its last bond issuance, Orange County offered all cities in the county the opportunity for participation. This is a possible avenue of pursuit for Newport Beach.

A sunset provision within new federal legislation prohibits the issuance of tax-exempt, single-family housing bonds after 1983. Therefore, this program option must be pursued in a timely manner.

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